Daily Report

Latin America

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Cuba

Further Reportage on Quadripartite Talks

Aldana Meets Sassou-Nguesso

FL0809222288 Havana Radio Reloj Network in Spanish 1946 GMT 8 Sep 88

[Text] Carlos Aldana, secretary of the PCC Central Committee, conveyed today greetings from our Commander in Chief Fidel Castro to Denis Sassou-Nguesso, president of the People's Republic of Congo. Aldana, who is the head of the Cuban delegation to the fifth round of negotiations on southwest Africa, told the press that his meeting with the Congolese president reflects the continuity of the historic relations between the two nations and governments. I exchanged views with Sassou-Nguesso on the negotiation process aimed at finding a peaceful and honorable solution for all parties, bringing independence for Namibia, and providing guarantees for Angola's safety, added Aldana. He highlighted the identical principles held by Cuba and the People's Republic of Congo.

Talks Said 'Intense'

FL0909010288 Havana Television Service in Spanish 0000 GMT 9 Sep 88

[By Irma Caceres from Brazzaville]

[Text] The quadripartite talks among Angola, Cuba, South Africa, and the United States, with the latter as mediator, have been characterized by intense bilateral contacts and were still going on at the time this report was being prepared. The absolute silence existing so far and the continuation of the meetings appear to indicate that there are substantial differences of opinion. At the same time, this shows that the parties are willing to continue with the negotiating process in the search for a solution to the southwest African conflict. It is expected that this round of talks, which began yesterday at the Palace of Congresses, will end late tonight. Everything appears to indicate that none of the parties see the possibility of reaching an agreement here in Brazzaville in the near future. This would mean that the negotiations, which began last May, could continue.

Another news item related to the negotiations is the visit paid by Carlos Aldana Escalante, member of the PCC Secretariat and head of the Cuban delegation to the quadripartite talks, to Congolese President Denis Sassou-Nguesso. Division General Ulises Rosales del Toro, first vice minister of the FAR and chief of the General Staff, was also present. The talk, which lasted for nearly 1 hour, was held in an atmosphere of friendship and fraternity in line with the traditional relations existing between the two countries.

Bilateral Contacts End

FL0909114088 Havana Tele-Rebelde Network in Spanish 1100 GMT 9 Sep 88

[Text] Bilateral contacts between the delegations participating in the fifth round of negotiations on southwestern Africa ended early this morning in Brazzaville.

The representatives involved in the talks—an Angolan-Cuban delegation and delegations from South Africa and the United States—did not issue any official declaration whatsoever, thus maintaining complete silence on the situation.

Nevertheless, very well-informed sources say that the negotiations are going through a particularly complex stage and that the topics being discussed are difficult.

It is expected that this morning, Friday, the parties will hold a plenary session but no official announcement has been made in this regard.

In the meantime, the president of the People's Republic of the Congo, Denis Sassou-Nguesso, has received Carlos Aldana, member of the Secretariat of the PCC Central Committee, who conveyed greetings from Commander in Chief Fidel Castro to the Congolese leader.

Construction Enterprise's Work in Angola Noted

FL0309154988 Havana Tele-Rebelde Network in Spanish 1323 GMT 3 Sep 88

[Report by Omar de la Cruz and Omar George from Luanda, Angola]

[Text] The UNECA [Union of Caribbean Construction Enterprises], the Cuban enterprise for construction abroad, has around 1,000 workers in the People's Republic of Angola. Through commercial contracts, the UNECA has built numerous economic and social projects in Angola; from Cabinda to the north to the southern provinces of Cuanza Sul and Benguela. Construction projects include houses, housing complexes, multiple use buildings, and other installations which benefit the Angolan population and impact the economic development of the country.

The UNECA has also taken up the completion of projects which were started during the colonial stage and were paralyzed with the exodus of investors from the metropolis when Angolan independence was proclaimed.

The technological capabilities of this enterprise are also at the service of the defense of the country by building military projects through special contracts with the People's Republic of Angola Government.

The UNECA does not limit its activities to construction. Its work scope also includes training of Angolan laborers and operators. It can be said that this enterprise has been

a good employment option for the workers of this country. More of them have been working with the UNECA for the past few years.

[Begin unidentified speaker recording] We, the trained Cuban workers, are constantly teaching the Angolan labor force. Most of them are helpers, workers who are not trained yet. [end recording]

Quality is—as it is in Cuba—the focus of attention to the UNECA constructors here in Angola. The final documents of completed projects reflect the satisfaction of contractors with the finishing of the projects. The Cuban and Angolan workers of this enterprise continue on track.

Friendship Agreement Signed With Vietnam

FL0609151488 Havana Tele-Rebelde Network in Spanish 1100 GMT 6 Sep 88

[Text] Vilma Espin, member of the PCC Central Committee Politburo and president of the Federation of Cuban Women, placed the Order of Solidarity on Nguyen Thi Dinh, member of the Vietnamese Communist Party and Council of State. The order is awarded by the Council of State of Cuba. It was granted as an acknowledgement of the extraordinary work done by the honorable representative of the Vietnamese people in maintaining and intensifying the relations of friendship and solidarity between Vietnam and Cuba.

The ceremony was held at the headquarters of the Cuban Institute of Friendship with the Peoples [ICAP]. Afterwards, a friendship agreement was signed, and Rene Rodriguez Cruz, ICAP president signed it on Cuba's behalf. The cooperation program includes friendship activities to be carried out on the basis of Marxist-Leninist and Socialist Internationalism principles.

Colombian Civil Aviation Official Arrives

FL0509145588 Havana Tele-Rebelde Network in Spanish 1100 GMT 5 Sep 88

[Text] The visit to this country of Mr (Jessie Castano Gonzalez), chief of Colombia's Civil Aviation administrative department could result in an air transportation agreement.

The Colombian director and his delegation arrived yesterday afternoon at the Jose Marti International Airport in this capital. They were received by Vicente Gomez Lopez, president of the Cuban Civil Aeronautics Institute, and other officials. After a friendly chat with all those present at the airport, (Castano Gonzalez) made the following statements:

[Begin recording] [(Castano Gonzalez)] ... a special greeting to the Republic of Cuba. We come from Colombia to speak with the aeronautics officials and to identify the various opportunities between the two countries to develop an air transportion service. We have the greatest interest in our country of accepting the invitation and participating in talks which will lead to that purpose. Beginning on Wednesday we will be totally dedicated to the analysis of these opportunities.

[Unidentified reporter] Is there a possibility of an agreement being reached?

[(Castro Gonzalez)] I think so. We will actually begin the talks noting the interest of the Cuban Government in having a air transportation relationship with Colombia for civilian traffic. For our part, we have an airport infrastructure. We also have the greatest desire to begin these talks which according to consultations with the aeronautics authorities will most certainly lead to positive results. [end recording]

Aviation Agreement Signed

FL0809015088 Havana Television Service in Spanish 0000 GMT 8 Sep 88

[Text] An air transportation agreement between aviation officials from the Republics of Colombia and Cuba was signed in this capital today. This is the first time such an agreement has been signed. It establishes aviation relations between the two Latin American countries. It will be in effect for 2 years, to start with. The document provides for the establishment of irregular flights with plans of further development of this link within 6 months. After this period of time, its progress will be reviewed. The agreement also includes exchanges in other areas of civil aviation. Vicente Gomez Lopez, president of the Cuban Civil Aeronautics Institute, signed the document for the Cuban part and Mr (Jesib Castano), chief of Colombia's Civil Aeronautics Department, for Colombia.

Haiti

Former Deputy on Creation of 'Club Fraternite'

FL0509224588 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 5 Sep 88

[By Frankel Valentin from Jeremie]

[Excerpts] Yesterday afternoon, Sunday 4 August [as heard], Mr Luc Felix, military government development adviser for Jeremie, organized the second meeting of his newly created club, Club Fraternite. At 1730 around the meeting table, amidst several dozen people mostly from densely populated neighborhoods such as Saint Helene, (Bazile), (Platon), (Macandal), and so forth, Mr Luc Felix addressed the people, whom he greeted happily.

The former deputy was talking about development with beautiful words, words of love about fraternity and the fatherland. He also said that he could see joy in the faces of the poor who are members of Club Fraternite, which is a club for doing good for Haiti, both today and tomorrow. [passage omitted]

In order for Haiti to pull out of the dilapidated state it is in, the deputy asked for Club Fraternite to place itself well under the wing of the military government.

Although the deputy did not point the finger at (?or attack) the youth of Jeremie, he did say there were a number of unscrupulous mouths in town that say that Club Fraternite is a macoute club. He said this is not true and that Luc Felix is a [word indistinct], a humanist, who wants to do something good for Haiti and that it was shameful for people to go around saying that this group was a macoute group. He added that it was those people themselves who are against Haiti and don't want Haiti to develop and leave extreme poverty behind.

[Begin Luc Felix recording] Get ahold of yourselves. Don't listen to what people are saying. Don't listen to those who are trying to intimidate you. Come join Club Fraternite. Come here. We are among brothers and sisters here. We will solve the problem [words indistinct] here at City Hall, here [words indistinct]. And with whom? Alone, with the (?meager) means we have available to us. We don't need foreign countries to (?extend charity to us) [words indistinct] ourselves. We can do marvelous things ourselves. (?We can) astonish the world. When a foreigner appears here, he will see the great things we are doing and say: Ah, Club Fraternite is made up of serious people.

There are people criticizing you. There are people saying you are macoutes, bums, a club of criminals. [passage omitted] No, they are wrong. [passage omitted] [end recording]

The deputy said he couldn't enroll people yesterday during the meeting but that he has begun writing the club's statutes, the laws that will determine how one becomes a member of Club Fraternite. He stated that the club will be ready to come forth on 16 September. Felix added that they are going to hold a big demonstration in support of the military government and General Henri Namphy.

However, a club member whom we contacted following the meeting told us that Club Fraternite appears to be a group that is preparing to bear arms because there are many other members who are expecting to be given weapons. He said that this is what brings many people to the meetings.

This member also told us that if this indeed turned out to be the case it would be a dishonest thing because the club will not even be able to get off the ground.

[Begin unidentified speaker recording] [Passage omitted] But if they think they are going to possess a knife or a billy club in secret, I think that, (?regardless of who might) want to do this, (?his thing) will not develop. [end recording]

We must also tell you that we noticed many former macoutes, partisans of Duvalier, and small peasant farmers. This is what makes many observers tend to believe what many people are saying; that this club is a macoute club being formed here in Jeremie. [passage omitted]

St Jean Bosco Youths Denounce 'Pressure'

FL0709213288 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 7 Sep 88

[Text] The young people at Saint Jean Bosco Church participating in the movement of solidarity with Father (Nau), whom the church authorities have decided to transfer, have announced in a press release that they had a very bad night. Many rocks were thrown and shots were fired in an attempt to intimidate them. The church's windows were broken by the rocks, and one of the young people was injured. Here is what the press release says:

Father (Julio Nau), who works with us, announced at the 0600 mass on Sunday, 4 September that he was being transferred. That same day, at the 0900 mass, a member of the death squad drew his weapon with the intention of staging another Jean-Rabel/Labadie.

On the night of Monday, 5 September, weapons were fired all around Saint Jean Bosco to intimidate us as our support for Father (Nau) was being established. The final blow came Tuesday evening when, after a mass, a small clique came at us with rocks, sticks, machetes, revolvers, and machineguns. We spent the entire night under pressure and hearing the sounds of gunfire. There was much damage. Church windows were broken. One in our group was badly hurt.

The note continues: The minute they suspect that a priest wants to go over to the side of the poor people in La Saline, the spies of the reactionary wing report it. We young people committed to the poor declare that we are not afraid of pressure.

The (?press release) continues: The heads of the church must learn to ask the faithful what they think about something before making decisions because if the priest is the shepherd, God's people are the sheep. They are human beings like everyone else.

Thus, says the press release, they take this opportunity to say that pressure and repression are not going to make them back off. Today, Wednesday, 7 September, they are going to hold a big day of reflection in the Saint Jean Bosco Church courtyard. And, says the press release, they are not going to stop struggling within the church of the poor until they (?bring about) a complete change in the society.

That is a press release from the young people involved in the movement of solidarity with Father (Julio Nau) at Saint Jean Bosco since Sunday, following the announcement that the priest is going to be transferred.

Youths Hold Sit-In

FL0709194288 Port-au-Prince Radio Metropole in French 1600 GMT 6 Sep 88

[Text] The young people of Saint Jean Bosco Church on the Grand Rue [aka Boulevard Jean-Jacques Dessalines] are continuing their sit-in. The various groups of young people have been on a sit-in since Sunday to protest the Salesian authorities' decision to transfer Father (Julio Nau) to Cap Haitien.

This is the third sit-in of this nature organized by these young people in 2 years. The first was in 1986, when the Salesian authorities decided to transfer Father Jean Bertrand Aristide. They were forced to change their minds a few days later. The second and most spectacular was in August 1987. It involved a hunger strike and the occupation of the cathedral of Port-au-Prince. The Catholic hierarchy gave in to the determination of the young hunger strikers, whose conditions were becoming alarming. Father Aristide was for a second time allowed to remain at his post at Saint Jean Bosco.

This third sit-in is in its 3d day. The entrance exams to the Salesian fathers' School of Arts and Crafts, which were to be given yesterday, were postponed by the Salesian authorities. Afraid that they might be blamed for this, the young people said the following:

[Begin recording of unidentified speaker in Creole] We want to let people know that we did not prevent the exams. We took all possible security measures beforehand. We stayed in the church. We didn't go near the area of the school so the exams could be held properly. [end recording]

So, when will this sit-in be over?

[Begin recording of speaker] We will stop when the Salesian authorities come and tell us that they have done away with this business of Father (Nau) leaving here. [end recording]

That was a reportage by Marcus Plaisimond.

Trinidad and Tobago

'Drastic Decline' in Foreign Exchange Reserves

FL0709224588 Bridgetown CANA in English 2150 GMT 7 Sep 88

[By Debra Ransome]

[Text] Port-of-Spain, Trinidad, Sept 7, CANA—The payment of the first of two 1988 foreign debt installments in June left Trinidad and Tobago's foreign exchange reserves at their lowest point for fourteen and a half years, according to the latest report from Central Bank.

The 1988 second quarter report said that foreign reserves fell to TT72.5 million dollars in June following payment of TT394.1 million dollars (one TT dollars; 23.5 U.S. cents) to service central government's external debt. The debt was the first of two installments due this year. The second payment for the U.S.428 million dollars (TT1.8 billion dollars) is due in December.

"As a result (of the June payment), there has been a drastic decline in the country's foreign exchange reserves, from 395.9 million dollars at the end of March, to just 72.5 million dollars at the end of June this year," the bank's report said. At the same time as the payments to service the foreign debt, central government's overall revenues fell by 21.9 per cent for the second quarter of this year over the same quarter in 1987—caused by a 38 per cent decline in oil revenues. "The decline in crude oil prices on international markets, however, led to a substantial fall in foreign exchange earnings from oil," the bank said. "Because foreign expenditure has not fallen as rapidly, foreign reserves fell to just 72.5 million dollars at the end of June this year, the lowest level of reserves since December 1973."

"The shortage of foreign exchange is likely to impact adversely on overall economic activity in the short term," the bank said.

The bank said that the demand for foreign exchange did not fall significantly with net sales actually going up between April and June 1988 in comparison with the same period last year. "The outlook for the second half of 1988 is not particularly encouraging," Central Bank said.

"While an improved merchandise trade performance can be expected, the fact that the country's stocks of foreign exchange reserves are virtually exhausted has serious implications for the ability of the non oil economy to regain its momentum," it noted.

"This applies particularly to the manufacturing sector. The lack of foreign exchange is likely to affect the agriculture sector proportionately less.

"A second area of concern is the central government's fiscal operations in light of the fall in both oil and non oil revenues and the constraints on financing."

"It is clear that major decisions in both these areas will need to be made in the near term so as to provide some assurance of the resumption of growth in the medium term," the bank said.

Some non oil areas showed an improvement such as the increased sugar crop which raised the country's 100 million dollars in foreign exchange for the 1988 season. The country's urea brought in more money as international prices went up, prices fluctuated for ammonia, and exports of methanol increased.

The all important oil sector showed an end to the six quarter declining production trend—but the positive impact of this was not reflected in revenue due to the fall in the value of oil internationally.

Last month government hinted that it was looking at rescheduling its foreign debt—the main parts of which are due for repayment over the next three years.

Trinidad and Tobago is currently scheduled to pay U.S.428 million dollars towards the principal and the interest of its external debt this year. Next year, U.S.474 million dollars is due. In 1990, U.S.537 million dollars is due for repayment and U.S.337 million dollars due in 1991.

Jamaica

Parliament Approves New Basic Bauxite Levy

FL0709213588 Bridgetown CANA in English 2022 GMT 7 Sep 88

[By Paget Defreitas]

[Text] Kingston, Jamaica, Sept 7, CANA—Jamaica has pushed up its basic bauxite levy by U.S.1.67 dollars to U.S.22.60 a tonne for the ore, responding to strong growth in international aluminium prices. The new basic levy rate was approved by Parliament Tuesday night and is retroactive to January. It replaces the earlier provisional rate of U.S.20.93 dollars that was in force for the first quarter of the year, officials said.

Jamaica's bauxite production levy is fixed at approximately six percent of the average price realised by the major American producers for primary aluminium ingot. The earlier rate was predicated on average realised price for the year of 75 U.S. cents per pound for primary aluminium ingot, but with the movement in the markets, the new rate was based on an expected price of 85 U.S. cents per pound, government analysts told CANA Wednesday.

Companies pay the established basic rate with differences netted out at the end of the year if there are variations in the projected price for aluminiunm ingot. Despite the basic levy rate, the companies operating here also get discounts, based on their dependence on Jamaica for bauxite/alumina, level of production and amounts of foreign exchange they bring into the country for their business, among other things. Additionally, a new move to relax the structure to encourage production has already put one company outside the original levy structure, with another set to follow in January.

Under an agreement with Alcoa, in whose 800,000-tonne refinery the government took 50 percent ownership, the levy since March has been effectively reduced to three percent, but with the company now subject to regular Jamaican income tax on profits of 33 ⅓ per cent. But for this agreement, the company has to undertake to produce at full capacity.

A similar arrangement was recently reached with the Aluminium Company of Canada (Alcan), which is to come into force in 1989. Alcan owns two refineries here, with a combined production capacity of 1.1 million tonnes.

El Salvador

Duarte Urges FMLN To End Struggle, Negotiate

PA0809233088 Paris AFP in Spanish 2246 GMT 8 Sep 88

[Text] San Salvador, 8 Sep (AFP)—President Jose Napoleon Duarte said today he is willing to talk with the insurgents about ending the civil war that has been under way in El Salvador for the past 8 years if the FMLN ends its armed struggle and joins the democratic process.

I would engage in a dialogue "tomorrow, if necessary, as long as the rebels accept the only condition that I have set: that they declare that violence is not the way to achieve the objectives of justice and freedom," the president said while inaugurating an "integral development plan" in Chalatenango, 72 km north of San Salvador.

Duarte, 62, who has terminal cancer, has not changed his conditions for resuming talks with the FMLN and the FDR. The talks have been interrupted since October, 1987, when the two parties met at the Apostolic Nunciature in San Salvador.

The president made his first visit to the interior of the country on Thursday, after 4 months of medical treatment to alleviate the effects of his illness.

Asked by newsmen about his state of health, the president said in a loud voice: "I feel much stronger than before."

Duarte, who is emaciated, has very little hair, and has lost 15 pounds [as received], was accompanied to the ceremony in Chalatenango by Vice President Rodolfo Castillo, ministers, and high-ranking military officers. He met with the local citizens who came to greet him.

Duarte denied that he plans to travel to the United Nations headquarters in late September to give a speech, as was announced on Wednesday by Roberto Meza, Salvadoran ambassador to the United Nations.

However, Duarte confirmed that in 15-20 days, he will go to Washington for 4 days of treatment for his cancer.

Regarding the possibility of a future summit of Central American presidents, the Salvadoran president said he will consult with his colleagues in the area to determine whether there is any basis for such a meeting.

Minister Charges Nicaragua With Helping FMLN

PA0909050688 San Salvador Canal Seis Television in Spanish 0200 GMT 8 Sep 88

[Interview with Foreign Minister Dr Ricardo Acevedo Peralta by unidentified reporter; date and place not given—recorded]

[Text] [Acevedo Peralta] El Salvador is not doing anything to destabilize the Nicaraguan Government. On the contrary, we have evidence—which we will make available to you—of Nicaraguan meddling in the domestic affairs of El Salvador through the assistance Nicaragua gives to the FSLN-FDR.

We are giving you this document so you may confirm what we say in it is true. We are certain it is. We list 60 charges of meddling in Salvadoran territory. I reiterate that we offered to the commission [not further identified] the Salvadoran Government's assistance so it could investigate whether or not there was any meddling on our part. Of course it did not investigate this because we made it very clear to the commission that we have never had anything to do with Nicaragua's military problems. We are very respectful.

[Reporter] What will be the Salvadoran Government's response to the Swiss Government, which has said it will file a strong protest over the death of a Swiss citizen in a still unclear incident in our country?

[Acevedo Peralta] There have been some anomalies. As soon as the Swiss Government files a formal protest to our Foreign Ministry, we will give an appropriate answer. We will state in our answer what the circumstances surrounding this regrettable death were.

There are some important factors that should be noted. For example, this person had no visa to enter the country. He was allowed entry because of the uncomfortable position he was in. We do not know what he did here. His death occurred under strange circumstances. The truth is that we have nothing to fear in regard to a protest by the Swiss Government because the Salvadoran Government was not involved in this case.

[Reporter] Could his death be viewed as a violation of human rights...

[Acevedo Peralta, interrupting] No, no...

[Reporter] Considering that the man was unarmed...

[Acevedo Peralta, interrupting] I do not believe so. If there is a conflict and an unusual situation in a country and a person gets involved in the conflict somehow, as happened in this case, then that person runs many risks, of course. This is not the first case. There have been other similar cases. We clearly have to understand that foreigners who somehow get involved in the conflict run risks. This is very clear and our defense will be based on this argument. I can guarantee that the Salvadoran Government has no responsibility in this.

[Reporter] What are you going to do about the Geneva charges of human rights violations by the Salvadoran Armed Forces and the Geneva call to the government to try to stop or diminish such violations by the Army?

[Acevedo Peralta] It has been said that because of the progress it has made, El Salvador deserves the replacing of the special inspector with an expert adviser in human rights matters. This has been a specific, positive, and important result of our progress, a result that makes El Salvador's improvement in human rights matters clear.

Our Foreign Ministry will present the February Geneva resolution to the third commission of the UN General Assembly in November and we will ask the third commission to act in accordance with that Geneva resolution; that is, that the special inspector be changed for an expert adviser. The progress made in human rights by the Salvadoran Government until February of last year was what motivated the UN resolution.

[Reporter] Could it be that there has been a regression?

[Acevedo Peralta] We would have to study that. You know there has been much talk about death squads lately. However, Professor [name indistinct] said in his latest report that while it is true that death squads could still exist, it is clear that neither the Armed Forces nor high-ranking officers are involved in the death squads.

[Reporter] Could lower-ranking servicemen be in the death squads?

[Acevedo Peralta] We do not know. They could be composed of paramilitary groups. They could be managed by other people. It is difficult to pass judgment on this because it is a situation that could be out of the hands and control of Army officers. What Professor [name indistinct] says is that it cannot be deduced from his investigations that high-ranking military officers are involved with death squads.

FMLN's Gonzalez on Elections, U.S. Policy

PA0809222988 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 6 sep 88

[Report on interview with FMLN Commander Leonel Gonzalez by unidentified reporter; date and place not given; passages within quotation marks recorded]

[Text] Concerning the FMLN's position on the elections, Commander Leonel Gonzalez said:

[Gonzalez] "We have been evaluating and discussing our appraisal of the elections at the general command level: what elections are aimed at, our attitude toward them, and our role in them. In this regard, we think it is important to define clearly the aim behind the upcoming elections in El Salvador.

"As we all know, the United States and the Duarte administration are touting these elections as an expression of democracy and intend to use them to legitimize the war. We must also keep in mind that several democratic sectors have placed their hopes on these elections to achieve some sort of peace agreement. Meanwhile, the oligarchy has also clearly stated its aims through its party, ARENA [Nationalist Republican Alliance], which seeks to attain political hegemony and to retain its privileges at the expense of the poor.

"This is why we maintain that (?within this framework), in the current counterinsurgency war, elections legitimize the continuation of the war and do not contribute to peace or to a political, negotiated solution. Under the current situation, the elections will only aggravate the government's crisis and weaken the entire counterinsurgency plan. We have always said that a new framework should be created for the elections. Elections within a framework of counterinsurgency do not contribute to resolving the crisis. If these elections occur in a pluralistic and participative framework, without U.S. intervention, they will be a true expression of democracy. We have always said this. We have said that previous elections have been used in an attempt to legitimize the war. We want elections to occur within a different framework. In this respect, we believe that the elections, as they are currently being proposed, are aimed at legitimizing the counterinsurgency war and extricating the PDC [Christian Democratic Party] and Duarte from the current crisis. There are explosive elements in this crisis that further complicate it. As we all know, Duarte's illness has caused vacuum in the government. This government void has the makings of anarchy. No one pays attention to Duarte or Claramount. This points toward a greater crisis and to a political void.

"Aside from this issue, we have also discussed the political parties' situation. The parties are divided and in decay. Holding presidential elections under these circumstances will not in any way bring about a solution to the crisis. Let us take a closer look. When elections for deputies and mayors were held recently, ARENA obtained a majority in the Legislative Assembly. What has been the significance of this? It has meant a greater gap between the people's struggle and the lot of the rich. ARENA has exerted a lot of pressure to increase war and repression. The landowners themselves have very swiftly deprived the peasants of their land. In an attempt to cover ARENA under a moderate cloak, they waved the banner of dialogue. But in reality, they have not only removed the banner, they are repudiating it."

"We are all aware of ARENA's attitude and the private sector's attitude toward the popular forum being sponsored by the Church and progressive forces. ARENA has not only rejected the policy advocating a dialogue, but has (?issued) proposals that preclude a political solution. The gap between rich and poor is much more evident. The former have encouraged repression against the people's movements. ARENA created false hope that it would advocate a political solution and help solve our most critical problems; yet it has merely aggravated the situation.

"Likewise, the PDC's bloodshed has continued because it is not only afflicted by division and corruption, but has lost the people's support. Furthermore, Duarte, Chavez Mena, Rey Prendes, and every other PDC leader is responsible for the people's bloodshed. They are guilty of

the latest increase in criminal actions against the people's movement. The U.S. Embassy, the Reagan administration, and the PDC have prepared another plan to blame the death squads for the increased repression in El Salvador; yet the Armed Forces High Command, the PDC, and ARENA should be blamed for the increased repression in El Salvador. The plan is simply aimed at whitewashing the Armed Forces' High Command.

"Everyone knows that the death squads are closely linked to the Armed Forces High Command and the repressive groups, and they always have been. Therefore, the PDC's responsibility for the people's bloodshed increases more and more. Furthermore, the PDC is now playing with our people's religious sentiments. The party has no morals, and it drags out the trial of Msgr Romero's murder every time we have elections. The PDC is fully aware that the people know it coexists with Romero's murderers. The PDC could very well solve Romero's murder—if it wanted to—because it has all the evidence. However, all it wants to do is play with the people's feelings.

"We will have a government crisis, and a difficult situation will prevail throughout El Salvador by the time the presidential elections are held in March. Furthermore, the electoral framework and the options it offers will be corrupted. The March presidential elections will be followed by a worsening of the crisis. Therefore, our analysis shows that the March elections will not end the war; the war will become worse after the elections if either the PDC or ARENA win. Likewise, the possibility of reaching a negotiated political solution will become much more remote.

"We believe the electoral process must become a political-military battlefield. The FMLN will conduct the necessary military actions to stop anyone from deceiving our people or filling them with false hope. The FMLN will also conduct the necessary political actions to convince international organizations, solidarity groups, and our people that the elections will not provide a solution; they will only extend the war within this constitutional framework.

"We will work to allow a negotiated political solution. Referring to this, our people must be organized and mobilized so they may struggle. We will increase our military activities to convince the Armed Forces High Command, the Reagan administration, and the oligarchy that we are stronger and more united and that any plans to defeat us will only extend the war. Therefore, a dialogue or negotiation must be immediately organized. Our political-military efforts will be exerted to attain a consensus for negotiated political solution.

"Our military actions will worsen the country's political crisis even more and complicate any electoral plans. Therefore, we believe that if the elections [words indistinct] the U.S. Administration's current policy—which advocates military aggression and fails to respect our people's desire to be free and independent—and to test our strength through the vote would only benefit the Reagan administration's policy."

"However, if, on the contrary, participation hands an electoral defeat [words indistinct] and makes all the forces strive for a political solution, we believe that decision is correct. We also concluded that the PDC, [words indistinct] or any other. ARENA and the PDC want to prolong the war and be puppets of the Reagan administration; therefore, they oppose the people's interests. In this respect, we believe the PDC's and ARENA's electoral position is to continue the war. They want to prolong the war, not end it. They want to reinforce the military High Command's warmongering actions instead of reinforcing the desire for peace of the Army's midlevel commands.

"As the elections now stand, they will result in the defeat of the counterinsurgency plans. The people must be mobilized and organized to struggle toward that goal. That should be our advice to the people. To defeat the counterinsurgency plans, even within the framework of the elections, [words indistinct] counterinsurgency plans [words indistinct]. In this respect, we must strive to defeat the counterinsurency plans. Toward that goal, we must use all forms of struggle, that is, all forms of political struggle and all other forms of struggle of revolutionary violence. That means we must seek [word indistinct] to achieve peace, democratic rights, respect for human rights, and the establishment of a new economic order and to build a government of broad participation."

[Reporter] Continuing the interview with Commander Leonel Gonzalez, we discussed the participation in the elections of the Democratic Merger, and the FDR in particular. Here is his answer:

[Gonzalez] "As you know, the [acronym indistinct] and the MNR [National Revolutionary Movement] are members of the FDR. Of course, they made an alliance with the [words indistinct] democracy. The alliance hopes to achieve a negotiated political settlement of the Salvadoran conflict. This alliance has lasted many years. In addition, it has been [words indistinct]. At home and abroad, the alliance has become a [word indistinct] factor. Our people are aware now that the FMLN-FDR alliance constitutes a way to solve the crisis. We have a strategic alliance with the FDR and its parties [words indistinct]. We seek change. We are seeking a negotiated political settlement. We seek to establish a government of broad participation.

"In this respect, we hold discussions and conduct joint analyses with the parties within the alliance at crucial moments of our political participation. We want to tell our people that we have analyzed the electoral situation. We have decided to undertake a joint action, although our two organizations are different in nature. The two fronts are different in nature. The FDR consists of

democratic parties and [words indistinct]. It is a social force that [passage indistinct]. In this respect, we must not be deceived. We must not pay attention to the propaganda of the psychological warfare of the U.S. Embassy, the High Command, and the PDC, which tries to link the FDR to military actions. We, the FMLN, carry out the military actions.

We are a guerrilla army. There should be no confusion in this respect. No one should listen to the propaganda and psychological warfare of the [word indistinct]. In this respect, in our analysis of the elections, the FDR's parties have considered the current crisis. [Words indistinct] to adopt a responsible action, we must analyze the country's political and domestic situation. We must analyze the possibilities the elections present.

In this respect, we strongly concurred in our assessments. We agreed that [words indistinct], and Duarte's illness has deepened the crisis even more. The crisis has led to [words indistinct] strongly linked to their own interests."

"Despite all the U.S. military aid, the Army is being defeated militarily by the FMLN. Not only is the Army being militarily defeated, but the FMLN has increased its military activity. We have increased our potential to step up our confrontation with the enemy in the military field.

"The enemy's military inefficiency has allowed us to approach the people, to reach new areas [words indistinct] new guerrilla units. Dozens of workers are joining our guerrillas. Therefore, in the Salvadoran war, the FMLN is ready to begin greater levels of confrontation.

"The outlook for the defeat of the Salvadoran Army is also analyzed by the U.S. advisers themselves. The United States is aware that it is losing the war. Of course, it blames the lack of qualifications of the military commanders for this. It has been pointed out that the Army has received the greatest (?share) of U.S. aid. All the efforts the United States has made to improve the Air Force as a strategic element to counteract the FMLN have failed because the Air Force is ineffective. It has even failed in its attempts to get the people to fight the FMLN. Civil defense has failed. It has failed because military men themselves are active members of the FMLN everywhere and because there is great distrust in the PDC for civil defense. In addition, the Army is incapable of defending civil defense members from FMLN attacks. Thus, the United States is reluctant to take a stand because it is losing the war in El Salvador.

"Moreover, in the past 6 months the FMLN has inflicted over 3,600 casualties on the Salvadoran Army. Thus, we believe there is serious deterioration in the counterinsurgency. Within the party, the Army itself, and the High Command there is a power struggle. Everyone in the Army wants to be promoted. The PDC has not been listening to the demands of the people; therefore, they tend to become more radical. The people's unrest tends to increase. Within this complex framework—in the political, economic, and military aspects of the Salvadoran situation—it is now necessary to achieve a national consensus for a negotiated political settlement in the country.

"As a result of the crisis, we must achieve this by following these guidelines: The elements we must consider in view of the complex situation in El Salvador—where we believe the elections will not solve the crisis—are that the democratic forces and the democratic parties must increase their activities to strengthen their social bases; to support the forces that support a political solution; and to convince the people of the need for organization and struggle to achieve a negotiated political settlement. Therefore, we must respond to the needs of the people and find solutions to their problems. We must convince the people and the masses to organize themselves for the struggle to find new paths for a solution.

"In this regard, we feel that the presidential elections scheduled for March 1989 seek to legitimize the counterinsurgency war. The idea is to boycott attempts at dialogue, negotiation, and a negotiated political settlement. In this way, we fully identify ourselves with the FDR and the MNR [word indistinct]."

"As we all know, those parties have always struggled for democracy. Their nature, composition, and actions are different from those of the FMLN. Their political actions are completely different.

"For this reason, their decision to participate in the elections is an autonomous decision that does not harm the alliance at all. On the contrary, it strengthens it.

"In addition, within the alliance they have always advocated talks and a negotiated political solution. Both Mr Guillermo Ungo and Ruben Zamora are democratic people admired not only by our people, but by the international community as well. They are respected and loved. All democratic patriots and leaders who confront Duarte's government, Reagan's policy of aggression, and the high command's war policy, are also respected and loved by our people.

"For that reason, we respect the FDR's and the other parties' decision to participate in the elections. We demand the Reagan administration and the High Command respect those parties and allow them to conduct political activities.

"We believe Mr Ungo's struggle for the defense of the people's right to freedom, independence, and democracy will bring a response from all those who truly favor political solutions. With that response, we will form a strong political movement against the Reagan administration's policy in El Salvador.

"For that reason, the participation of the FDR, its parties, and the (?MNR) in the presidential elections does not weaken the alliance. On the contrary, their participation strengthens it.

"For all I have said, we conclude that the elections will worsen the current government crisis and will defeat the counterinsurgency plan. [Word indistinct] Chavez Mena of the PDC must be unmasked, because they are promoting the counterinsurgency war and have become the new puppets of the U.S. warmongering policy. We must continue struggling both politically and militarily, and people must start playing a more active role to defeat Reagan's policy, the high command's actions, and the PDC and ARENA, which oppose the political, negotiated solution and promote the counterinsurgency war."

Guatemala

Cerezo on Esquipulas, Presidential Summit

PA0709222388 San Salvador Canal Doce Television in Spanish 0300 GMT 6 Sep 88

[Report by Marco Antonio Guevara on "exclusive" interview with President Vinicio Cerezo by unidentified reporter in San Salvador on 6 September]

[Excerpts] Guatemalan President Vinicio Cerezo believes in the need for a new summit of Central American presidents and that the presidents should participate in such a meeting with a spirit of humility in order to revitalize the Esquipulas agreement signed a year ago.

Vinicio Cerezo said he arrived in our country to express his appreciation to President Jose Napoleon Duarte, whom he regards as a pioneer of the democratic process in Central America.

[Begin recording] [Passage omitted] [Reporter] Regarding the Esquipulas agreement signed over a year ago, what do you think was the problem in that document that prevented its success? In evaluating it, do you believe everything [words indistinct] is positive?

[Cerezo] Look, I believe there is absolutely nothing wrong with it. Esquipulas II was truly an exemplary document as a peace agreement. It was not imposed on anyone. It was achieved in trying to maintain a balance among all the countries. It recognizes the existing governments. It permits... [changes thought] It establishes formulas for solution. However, as we said at that time and I still believe, Esquipulas II was the beginning of a process. It was not the end of the process, but the first step in creating a peace process at a time when war was at the doorsteps of all Central American nations and when many people inside and outside our countries were favoring war.

I believe the Esquipulas agreement's primary success was that it removed the specter of war. It created a rapport in the relations among the [Central American] countries and made us aware of the need to consult each other by phone, to call one another before taking any action.

Concerning bilateral relations—for example between Nicaragua and Honduras, Nicaragua and Costa Rica, El Salvador and Nicaragua—many problems were solved. El Salvador and Honduras solved historical problems.

Domestic problems, however, remained unsolved. Part of the process visualized in the Esquipulas II agreement was the creation of reconciliation and dialogue commissions. This is because we recognized that to a large extent [external] confrontations resulted from internal confrontations.

We must move to the second phase. We made progress in the international field, but not in the domestic field. We must conduct a sort of self-criticism. Where have we made no progress? Where has each country failed? We must admit that each of us has failed to comply somewhere or regressed in some areas, as recently occurred in Nicaragua.

Some countries have shown a certain degree of arrogance. An old democracy like Costa Rica, which said it had totally complied with the agreements, is the only country that has not yet approved the Central American parliament, which was approved in the Esquipulas II agreement. Therefore, I believe we must all show some degree of humility, recognizing that peace depends on all of us and on our ability to solve our problems. That is what we need.

I am optimistic. I always have been. I believe that after a general consultation among all Central American countries we will conclude that we need another Esquipulas II, another presidential summit, to make the necessary decisions in the process we began with the Esquipulas II agreement.

[Reporter] One of the criticisms of the Esquipulas II agreement we have heard is that great majorities in each Central American country were not consulted. Is that so?

[Cerezo] Look, that is why we thought of creating a Central American parliament. We realized that one of the main problems preventing Central America's economic integration was that people were not consulted on the export of Central American products. The Central American parliament is first an instrument for consulting the population. Second, it is an instrument for permanent consultation. In addition, all sectors will be incorporated in a Central American parliament. It was preordained that each one of the parties and ideological currents would be represented, which solves the problem.

[Reporter] In addition to the obstacles in each country, what are the main obstacles at the international or regional level?

[Cerezo] The only real obstacle at both the international and national levels are the radical groups. I call them the lifetime conservatives, because there are leftist and rightist conservatives. In the past, the leftists were revolutionaries, while rightists were conservatives. However, now the real revolutionary attitude is accepting dialogue and resolving problems peacefully, taking into account everyone's interests. The guerrilla method of planting bombs and conducting armed struggle is one of the oldest political procedures in Central America [chuckles]; on the other hand, plotting and promoting coups d'etat and opposing pluralism and dialogue is just as conservative. So radical conservative groups, from left and right, represent the only real obstacle: those who want war and not peace, those who do not dare or do not have the courage to admit that traditional methods should be changed for the benefit of the peoples in each of the Central American countries.

[Reporter] What issues would be discussed at a new Central American summit, or would the summit only be another reaffirmation as was the case at the last meeting in Costa Rica?

[Cerezo] That is a very important point. Specific decisions must be made at a new Central American summit in order to move ahead. That is why we have stressed the importance of a foreign ministers meeting as an executive commission to verify the actions taken and determine exactly what remains to be done so presidents can make decisions. The next presidential summit must end with specific decisions.

[Reporter] Would the meeting take place in El Salvador?

[Cerezo] We have all agreed that it should be held in El Salvador. I believe El Salvador is a country where we should all work hard in favor of peace. Frankly, I believe it has been historically unfair for the international public to focus on Nicaragua. The truth is that El Salvador has suffered as much as, or even more than, other Central American countries. The struggle for democracy has been waged here. I believe we should meet here to honor the Salvadoran people, who have suffered a great deal for peace. [end recording]

Asked about recent protests in Guatemala against his government's economic measures, Cerezo said such protests are normal in an open democracy. He added that if it can be proven that the measures are mistaken, they could be rectified.

[Begin recording] [Cerezo] If we are wrong, we can correct ourselves. We are willing to discuss the measures, and a government should always be ready to admit its errors when necessary. The importance of this dialogue is that people will have the opportunity to prove we made a mistake. More than likely, we will reach a point of convergence and continue the democratic process.

[Reporter] Those who oppose you claim they can solve the economic problems of the majority.

[Cerezo] When they try to put our national economy in order, to [words indistinct] economic problems of the majority. [end recording]

President Cerezo stressed the importance of holding a new presidential summit in the next few days to fine tune some points in the Esquipulas II document and, above all, to resume the initiative in favor of peace in Central America. That presidential summit is scheduled to take place in San Salvador, although no date has been set.

Honduras

Government Secretary on Contras' Presence

PA0809165788 San Pedro Sula TIEMPO in Spanish 8 Sep 88 p 15

[Text] Tegucigalpa—"Between 11,000-12,000 Nicaraguan contras are inside Honduran territory," according to the latest figures supplied by Government and Justice Secretary Enrique Ortez Colindres.

Ortez Colindres said yesterday these are the latest figures he has on the contras' presence in Honduras, adding that he has information that many contras who are in Nicaraguan territory might enter Honduran territory within the next few days.

He added that there are approximately 36,000 refugees in legally established camps; 10,500 are Salvadoran citizens and 25,000 are Nicaraguan citizens. In addition, 250-300 persons enter the country daily as refugees.

The Honduran official stated the anti-Sandinist rebels enter Honduran territory through the border posts in La Mosquitia, Olancho Department, and El Paraiso Department.

Ortez Colindres said Honduras must analyze the status to be given to those persons, adding that he believes "the contras should be concentrated in one place, because they cannot be allowed to spread and exacerbate our own situation."

Ortez Colindres was asked about Honduras' plans concerning the contras in our national territory, and he stated: "We must act according to the law."

He explained that the Population and Migration Policy Law calls for the creation of a Consultive Population Council, which must be composed of the government, foreign relations, economy, finance, defense, labor, and natural resources secretaries.

He added: "Within this framework, we will try to prepare an analysis within 60 days to learn about the population's different groups, their ages, sex, and reasons for arriving, among others.

"We want to know who has rifles and who does not, who is a professional and who is not," he stated.

He added that the immigration problem does not only affect Honduras but also the other Central American countries, given the convulsion that prevails in the region. "The problem is a result of the five Central American countries' international policies."

The government secretary also said the results of the analysis will help them seek solutions to the problem.

He also said a meeting of Central American government ministers is being prepared exclusively to discuss the refugee problem.

Asked if the U.S. Government would be invited to attend, given that the U.S. Administration is sponsoring aid to the Nicaraguan contras, Ortez Colindres said: "No, because this is a Central American problem."

"If the United States wants to help, it must be done in another way," he added.

Further on Contras

PA0809143688 Panama City ACAN in Spanish 1359 GMT 8 Sep 88

[Text] Tegucigalpa, 8 Sep (ACAN-EFE)—Honduran Government and Justice Minister Enrique Ortez Colindres admitted today that between 11,000-12,000 armed contras have entered Honduras in the last 3 months and that they remain in areas located near the border with Nicaragua.

Minister Ortez said: "The presence of the contras was confirmed by my officials in El Paraiso Deparment while they were providing humanitarian assistance—alongside personnel from the UN High Commissioner for Refugees—to the Nicaraguan refugees in the area.

Ortez Colindres added that the contras are concentrated in areas under "close" military surveillance by the Honduran Army to "prevent their spreading throughout the country and causing problems because they are armed."

Nicaragua

COSEP: 'National Salvation Government' Needed

PA0709185088 Managua Radio Corporacion in Spanish 0400 GMT 6 Sep 88

[Communique issued by the Higher Council of Private Enterprise (COSEP) in Managua on 5 September—read by COSEP leader Gilberto Cuadra]

[Text] In view of the new economic measures issued by the Sandinist government, COSEP states to Nicaraguans and the world the following:

1. For 9 years, COSEP has been pointing out that management of the Nicaraguan economy based on the massive transfer of productive structures to state hands and on a highly planned economy subject to all kinds of controls would take us to economic ruin. This could have been prevented, but economic ruin has arrived and efforts are now being made to correct this.

2. Nicaragua has suffered 9 years of a socialist experiment that has destroyed all the country's productive structures. The problem is simple: There are no supplies because there is no production. We can only feed and provide [words indistinct] to part of the population, which is why the recent Health Ministry survey found that out of 2,829 children who were medically diagnosed in rural communities, 700—25 percent—are suffering from acute malnutrition; 900—32 percent—are not growing at normal levels; and 300—11 percent—do not weigh what children their age should weigh. In total, [number indistinct] percent of the children are malnourished, and it can be easily concluded that malnutrition among the population may even be worse, because it is assumed parents will give priority to the feeding of their children. Although the problem is easy to explain, it is a huge problem.

3. The countless state industrial, agricultural, and commercial enterprises do not contribute their corresponding share to national production. They do not even pay the taxes they would pay if they were private. They maintain operations based on privileges and subsidies in unfair competition with private companies. Private companies have been depleted of capital, and because of the unfair competition from the state enterprises, they register production and productivity losses.

4. As long as the unrest and insecurity caused by human rights violations are not eliminated, as long as the totalitarian-style political control is not abolished, as long as the controls over the means of production are not eliminated, as long as the ideological desire to continue the confiscations, investigations, and seizures of lands and factories and the creation of state monopolies is not eliminated, neither St Harvard nor St INCAE [Harvard-sponsored Central American Institute of Business Administration], as the planning minister said, will be able to resolve the economic crisis. The problem lies in the sociopolitical-economic system. It can only be solved by a government of national salvation that will establish the necessary freedoms to achieve peaceful coexistence with freedom for all Nicaraguans, even those outside Nicaragua who can contribute to a recovery in all areas of Nicaragua.

Managua, 5 September 1988

Panama

Solis Vows No Negotiations With United States

PA0909040388 Panama City ACAN in Spanish 0329 GMT 9 Sep 88

[Text] Panama City, 8 Sep (ACAN-EFE)—Manuel Solis Palma, minister in charge of the Panamanian Presidency, said here today that U.S. presidential candidates George Bush and Michael Dukakis are "enemies of Panama."

In a meeting with leaders of government employees, to which ACAN-EFE was admitted, Solis Palma said neither of the two U.S. presidential candidates has the same interests as Panama, and that he will not negotiate with either of them to find a solution to his country's crisis.

Hector Aleman, top leader of the National Federation of Associations of Public Employees (FENASEP), told Solis that the workers expect immediate answers to their demands and that if no answers are received by December, the workers would interpret this as a government maneuver to negotiate with the next president of the United States.

The meeting between the Panamanian president and the labor leaders took place following a public rally called by FENASEP, which has some 140,000 members, to demand payment of a special bonus that should have been paid in August.

In addition, the workers called for approval of a civil service law for government employees to guarantee job stability and a professional promotion system in government agencies.

Solis Palma assured labor leaders that his administration will seek Panamanian solutions to the crisis that the country has been experiencing for the past 15 months, and that he has no intention of negotiating with the United States, because its interests "are not ours."

At another point in the meeting, Solis Palma promised the workers that the bonus would be paid, although he gave no date because, he said, "it is under study."

The Panamanian administration is having trouble meeting the government payroll—about $32 million biweekly—as a result of the economic blockade imposed by the United States against that country to bring down the regime of General Manuel Antonio Noriega, the head of the Defense Forces.

Ritter Comments on Opposition, Economy, FDP

PA0709143488 Paris AFP in Spanish 1026 GMT 7 Sep 88

[Text] Madrid, 7 Sep (AFP)—Panamanian Foreign Minister Jorge Ritter, who made a stopover in Madrid on 5 September, said, "The United States is fighting to remain, and Panama is fighting for them to leave," according to an article published today by the Catholic newspaper YA.

In statements to this newspaper, the Panamanian foreign minister said among other things, "The Civic Crusade, mostly composed of businessmen, is like a shipwreck in which the businessmen are only trying to save their belongings."

Regarding Delvalle, Jorge Ritter told YA, "He has no political power; his power was in the political parties composing the National Democratic Union and in the Panama Defense Forces [FDP]." The United States wants to make Delvalle appear as a president who has been overthrown by a coup d'etat, when in reality he was removed from office through constitutional procedures," the Panamanian foreign minister said.

Among the economic effects caused by the crisis, Ritter pointed out unemployment has increased in the last 6 months. "The government and the IMF estimate the gross domestic product will drop 20 percent," the Panamanian foreign minister said. He added that his country's economy will regress 10 years but with a much greater population.

The important domestic role played by the FDP against the aggression is important, according to Jorge Ritter, who in his statements to YA talked about the traditionally important role played by the FDP within Panamanian national politics. "They are the trademark of the struggle against the aggression," Ritter said.

On Emigration to Canada

PA0609155088 Panama City Telemetro Television in Spanish 2300 GMT 2 Sep 88

[Text] The exodus of Panamanians to Canada is alarming. However, the Panamanian Government will not prevent this from happening, because we have full liberties. Here are the remarks by Panamanian Foreign Minister Jorge Ritter:

[Begin recording] Several thousand Panamanians have left for Canada seeking better fortune. They are seeking a better life than one in a country experiencing economic difficulties. As happens when rural workers migrate to capitals, people often encounter more difficulties than they left behind. Many Panamanians there are faring much worse than they did in Panama.

However, these people have found some ways to live; there are subsidies for some of them. I repeat: There is no agreement between our two countries involving this sort of resettlement, so to speak, taking place in some regions in Canada. I do not want to accuse anyone; however, when I mention this is a business enterprise, I am referring to persons making a profit through the suffering of others. This is a business, because the persons who go to Canada must make great economic efforts and sacrifices to pay their fares, without knowing for sure how they will be able to pay the debts incurred in Panama. [end recording]

Government, Party Denies Delvalle Resignation
PA0809181188 Panama City ACAN in Spanish 1659 GMT 8 Sep 88

[Text] Panama City, 8 Sep (ACAN-EFE) Today spokesmen for the Government of Panama, the opposition, and relatives of deposed President Eric Arturo Delvalle, whom the U.S. President still recognizes as president of Panama, unanimously rejected circulating reports about possible negotiations for him to resign and come out of hiding.

"Those rumors are completely false," a close relative of the deposed president told ACAN-EFE. According to the rumors, Delvalle is seeking an agreement with General Manuel Antonio Noriega, commander in chief of the Panama Defense Forces [FDP].

"I do not think it is true; it is a fabrication," Delvalle's relative noted. On 26 February, the Panamanian National Legislative Assembly dismissed Delvalle when he tried to fire Noriega as FDP commander. Delvalle does not recognize this action and has been in hiding since then.

Moreover, Dominador Kaiser Bazan, acting president of the Republican Party's Executive Committee and a close friend of the deposed president, said he has no knowledge of Delvalle's resignation as president of the country or his party.

A high-ranking Panamanian Government official also told ACAN-EFE today there are no negotiations with Delvalle. He added that the rumor circulating in Panama stemmed from an internal power struggle within the Republican Party.

According to those reports, which were even carried by a local newspaper, Republican leaders stated an agreement has been reached for Delvalle to resign the presidencies of the Republic and the party. In exchange, his situation would be normalized and he would come out of hiding.

The deposed president has been staying somewhere in Panama, from where he has often made statements. However, he frequently travels to the United States.

According to government sources, Delvaile has taken refuge at a U.S. military base close to the Panama Canal. Delvalle and Washington have denied this report.

Economy Operates at 50-Percent Capacity
PA0609141688 Panama City LA ESTRELLA DE PANAMA in Spanish 5 Sep 88 p A-1

[Article by Hermes Sucre Serrano]

[Text] Commerce and Industry Minister Eng Mario Rognoni has told this newspaper that only 50 percent of Panama's economy is operating, because of the U.S. aggression. He added that the government and the private sector must reflect about the magnitude of the damage.

He stressed that the speech given by President Manuel Solis Palma at the Legislative Assembly on 29 August was a warning "of what lies ahead for us under the aggression."

Rognoni said the U.S. economic blockade against Panama has resulted in the loss of more than 50,000 jobs; therefore, all sectors must unite to seek joint solutions.

Rognoni described President Solis Palma's speech as a necessary and accurate defense of the service sector, the banking system, tourism, and the protection of agriculture. He also described the president's words as a call to seek new markets that help promote investments.

The minister said it has become impossible to define and outline development policies amid the crisis and the constant U.S. attacks. "We keep putting fires out, and one cannot operate that way," he stressed.

He noted that once the Panamanian economy returns to normal, it will be possible to outline a plan for the various sectors composing the economy.

He disclosed that the Commerce and Industry Ministry is constantly consulting all sectors to exchange suggestions that would help in the solution of the problem. He mentioned his work team does not yield an inch in the promotion of projects and programs that can be implemented to pull the economy out of its stagnation.

R. Esquivel on Politics, Economy, Elections
PA0209192488 Panama City Circuito RPC Television in Spanish 2300 GMT 1 Sep 88

[Report on statements by Dr Roderick Esquivel, former vice president; date and place not given—passages within quotation marks recorded]

[Text] Dr Roderick Esquivel talks about the political and economic situation in the country and its prognosis.

[Esquivel] "Panamanians are nationalistic. We love our country. We want self-determination. With regard to the United States, Panamanians want to be partners because we are friends; however, we are not willing to sacrifice our sovereignty to the United States or any other country.

We all know this, but we also know that all this talk about attacks, aggression, and imperialism, which most Panamanian leaders have already forgotten, is simply a tactic to divert attention from the real problems and from the government's inability to solve problems."

Dr Esquivel also talked about the serious economic problems the national government faces.

[Esquivel] "To collect enough money to meet the budget, the government must review its own methods because wealth does not grow on trees; it must be produced. The government needs credibility to get new credit. The credit should be used wisely. The government should not simply expand its costly bureaucracy, which has wasted the country's money. Therefore, I believe the government's inability to meet payrolls clearly shows it is completely inefficient."

[Reporter] "Reforms to the electoral code are about to be approved. What is your view on this issue?"

[Esquivel] "We give no importance to the reforms. Neither the opposition nor Panamanian political sectors have properly participated, because the necessary conditions have not existed. However, it is important to note that no matter what rules of the game prevail, we, the opposition, the entire Panamanian people, should all prepare ourselves to fight for our democracy in any field. If the elections are held, let us all participate in them together so we can show what the Panamanian people really want; so we can make our wishes respected; and so we can give the elections real meaning.

To say we will not participate in the elections is absurd. In elections we can clearly express what we want. We have many ways to make our wishes respected. Therefore, even though there are no logical, human, or civilized conditions for participating in the elections—if that is the field in which they want us to express ourselves—all Panamanian people should unite and express our feelings. The manipulations, the threats, and the tricks are known to us all. The Panamanian people know these very well; therefore, they will not work. If the elections are held, we should participate in them."

Calls for 'Faith and Unity'

PA0909014488 Panama City Circuito RPC Television in Spanish 2300 GMT 6 Sep 88

[Statement by Liberal Party President Roderick Esquivel at a conference at the David Chamber of Commerce in Chiriqui Province; date not given—recorded; broadcast in progress]

[Text] ... we raised the banner of progress, which meant that henceforth the Panamanian people would solve their political problems through dialogue and peace. This is the meaning of our national flag; that is why it has the white and red of the Liberal Party and the blue of the Conservative Party.

The word dialogue, however, has become a dirty word in Panama. Every time there is a dialogue it turns out to be a fight between David and Goliath. A civic club cannot hold a dialogue when a decree like that [reference to executive decree No 26 on activities of civic clubs] has been imposed; there can be no dialogue when all the free newspapers are closed; the truth cannot be told when the government press says the gringos are to blame because Panama has the highest foreign debt in the world, that they are responsible for our having wasted three quarters of that investment, that Panama's problems would be solved by breaking off relations with the gringos and throwing them out of the country, and that we must wait until the year 2000 to prove that we are a nation.

Panama used to be the Latin American country with the lowest rate of emmigration to other countries. Now there is an exodus. We are like the Cubans or Nicaraguans. We must unite, not only to recapture our democracy but to rebuild the country. We can still do it, and I foresee for Panama a 1989 of hard work, and a much better future. We have learned many things and will no longer be deceived. We will never again face a situation like this. You must tell your children what we had before, what we have now, and what we would like to have in the future, so that once we achieve our goal they can defend it. We have learned this.

My message is, therefore, one of great faith and unity. I will not ask you to be patient because we have been patient enough.

Electoral Tribunal Confirms Party President

PA0709154888 Panama City MATUTINO in Spanish 6 Sep 88 pp 3, 8

[Text] The Electoral Tribunal has decided to "declare UNFOUNDED [preceding word in uppercase] the challenges against the Liberal Party's convocation and its convention—on 19 November and 6 December 1987, respectively"—which confirmed Rodolfo Chiari De Leon as president of the political party.

Following the corresponding analysis, Magistrates Yolanda Pulice de Rodriguez, Luis Carlos Chen, and Raul A. Lopez R. stated in the document, "The appellants have not resorted to all the party's internal mechanisms, which allow them to report to the national convention the mistakes that may have been committed by convoking the convention or by making any other decision that has violated the law or regulations."

They added: "In this case, all appeals within the party would be filed at the national convention, the party's highest authority. The dissidents would then still have the right to resort to the Electoral Tribunal according to Article 111 of the Electoral Code."

The Electoral Tribunal also stated, "One cannot request the annulment of all that has been agreed upon at a political party's national convention if no challenge is presented to the Electoral Tribunal before a pronouncement approving the proceedings is made, according to Article 110 in this case. The Electoral Tribunal must learn of the challenge to make the corresponding analysis that will be included in the resolution to be issued for the approval of the decisions, changes, modifications, and recommendations of the topics covered by the national convention."

The magistrates state that "since more than one-third of the party's membership attended the convention, and since the charges of falsification and charges of signature forgery—which allegedly resulted in a reduction of the attendance required by the Electoral Code—were not proven, the direct convocation was legitimate and cannot be nullified by a simple statement."

The document in question goes on to point out that "it can be deduced from the above analysis that the arguments against the national convention were not adequately supported either by the chronological sequence of events or by the Electoral Code, and that the mere assertion by interested groups that the party's entire national convention should be totally annulled because of alleged illegalities is not legally justifiable."

The Electoral Tribunal's 29-page document concludes in one of its final paragraphs that the Tribunal could not overlook the negative circumstances of the hearing: the sides' failure to observe the ethical principles inspired by Article 342 of the Electoral Code, according to which "the sides must behave loyally and honestly during the hearing, and the Tribunal or a competent official may use one's own faculties to reject any request for dilatory actions."

The Electoral Tribunal concludes by saying that "the abundance of dilatory tactics, the postponement of work, and requests for immaterial and irrelevant proofs, have not contributed to the cooperation suggested in Article 342."

PDC Deputy on Assembly Debate 'Irregularities'

PA0709224288 Panama City Radio Alegre in Spanish 1224 GMT 3 Sep 88

[Commentary by Christian Democratic Party (PDC) legislator Guillermo Cochez]

[Text] Today I want to comment on several irregularities that occurred during the Legislative Assembly's second and third debates from 22 to 26 August on the Electoral Code. We have said more than once that the irregular and illegal actions of the government majority at the Assembly are a shame to the nation and further mar the Legislative Assembly's already diminished image and credibility.

On 22 August, the government majority, in a flagrant violation of Article 124 of the Assembly's rules, disregarded the reading and discussion of the minority report of the Government, Justice, and Constitutional Affairs Commission. The report, which dealt with Electoral Code amendments, was signed by legislators Jorge Ruben Rosas of MOLIRENA [Nationalist Republican Liberal Movement] and myself from the Christian Democratic Party. As a result, MOLIRENA and PDC legislators refused to participate in the debates and special sessions and left the premises. In addition, eight legislators filed an appeal for annulment at the Supreme Court of Justice's Administrative Litigation Department against the Assembly's actions since 22 August; that is to say, against everything related to the Electoral Code and its amendments.

In addition to the actions that violate everything that have occurred at the Assembly regarding the Electoral Code since 22 August, we found, during the second and third debates of this bill between 22 and 26 August, several irregularities that aggravate the Electoral Code's inherent defects. This is what I have to say.

First, on several occasions the articles passed in second debate were not approved by an absolute majority as required by the Constitution and Law 49 of 1984—the Assembly's rules—when structural laws are discussed. This majority should have been a minimum of 34 legislators.

For example, during the 23 August special session, legislator Hugo Giraud introduced a motion to amend paragraph 14 of Article 100 of the Electoral Code, itself included in Article 28 of the commission's list of amendments. The motion was discussed and approved by a presumed majority. The vote was taken as asked for by legislator Arturo Vallarino. The result was 32 yeas, 1 no, and 2 abstentions. The motion was regarded as "approved" without a majority.

Another example: Article 8 of the amendment list was discussed and passed during the 24 August session. The result of this vote was 19 yeas, 11 nos, and 5 abstentions. Yet the Assembly regarded the article as approved by only 19 votes although at least 34 were required.

Still another case in point: Article 174 of the amendment list was discussed and voted on at the 25 August special session. The result was 33 yeas, 4 nos, and 3 abstentions. No majority again this time.

Second, Article 6 of the amendment list was discussed and passed during the 23 August special session. This article was not voted on during that day's session or the next day. This violates Article 128 of the Assembly's rules, which stipulates that each article must be voted on separately. Despite this irregularity, this article was regarded as approved in second debate and read and approved in third debate. But this was wrong.

Third, some legislators asked that articles already approved be reconsidered. These new votes, however, were taken without the Assembly's approving the reconsideration requests, which would have had to precede any further vote.

For instance, during the 24 August session, legislator Giraud proposed to reconsider the new Article 7. It was voted on and approved without first voting on its reconsideration. Something similar happened during the 24 August session, when legislators John Carrizo, Pardo, and De Duran proposed reconsidering paragraph 9 of Article 30 of the Electoral Code, which was passed without first approving its reconsideration.

One more example: During the 25 August special session, legislator Giraud proposed the reconsideration of Article 296 of the Electoral Code, which had already been approved with amendments and in a hurry. This proposal was discussed at once and approved without first approving its reconsideration.

Another example of this is that the same illegal action was perpetrated during the 25 August special session, when modifications to No 9 of Article 264, which had been previously approved by the plenum without submission to the legislators for consideration and voting, were passed.

Finally, as another example, there was another illegal action concerning this article on 25 August during the proposals to reconsider the following articles of the code: Article 266-A; new Article 16; Article 249, which was Article 41 of the original executive branch proposal; and Article 71, which was Article 21 of the executive branch proposal.

Friends of the Noticentro 1270 newscast should pay attention to the seriousness of the fourth illegal action. The proposed bill containing the reforms to the Electoral Code was triumphantly approved during the second debate as is stated in the minutes of the meetings on 22, 23, 24, and 25 August, just as we had said, and as citizens were able to witness. The chamber never approved, abrogated, or even discussed the Electoral Code's Articles 278, 293, and 294, whose abrogation had been proposed in the bill submitted by the executive branch to the Legislative Assembly. Nevertheless, and despite the preceding, we confirmed that these last two important articles on appealing an annulment were abrogated—wiped away—during the third debate. These two articles, however, had not even been discussed during the second debate. Article 147 of Law 49 of the 1984 Assembly statutes emphatically states, quote, no modifications are permitted during third debates excluding those made to the modifications of the Revision and Style Correction Commission, unquote. Such modifications, according to Article 45 of the same law, can only be of a grammatical nature.

Listen to this carefully, friends of Noticiero 1270: As if by magic, three important articles of the Electoral Code were illegally abrogated. This must be known by all. Dear fellow citizens, in view of the aforementioned facts it is obvious that the reforms to the Electoral Code are absolutely null. This fact will certainly make some opposition legislators soon file a suit of unconstitutionality before the Supreme Court of Justice.

Canal Administrator Comments on 'Crisis'

PA0709182988 Panama City Circuito RPC Television in Spanish 2335 GMT 5 Sep 88

[Statement by Fernando Manfredo, deputy administrator of the Panama Canal Commission, in Panama City; no date given—recorded]

[Excerpt] [Passage omitted] I have not become detached from Panama's political, economic, and social problems; I suffer these problems everyday. It truly hurts me to see what is happening in this country.

Let us try to talk about this a little, trying to preserve the policy of trying not to get into this topic too much.

First, we must consider that the problem in Panama began with a political crisis. A financial crisis stemmed from that political crisis when people began to withdraw their deposits and banks began to implement restrictive measures. This led to the closing of banks.

As a result of all this, an economic crisis occurred, which was worsened by some of the U.S. Government measures, which aggravated the economic crisis.

When the economic crisis began to become evident because of the political crisis, the economic crisis could have been solved easily by solving the political crisis.

Therefore, many people said, we must solve the political crisis to solve the economic crisis. Now, 14 months after the political crisis began, I can guarantee the solution of the political crisis does not solve the economic crisis. It barely opens the door for solution to the economic crisis solution, which, unavoidably, will take a long time.

I believe the political crisis is the third priority; the economic crisis is the top priority; and the social crisis is second. If no solution is found to the economic crisis, there can be no solution to the political crisis—if it is to be understood that the solution is returning to full democracy in Panama.

This is so because an impoverished country and a government without resources can maintain itself, preserving all freedoms. There are so many social problems and expressions of dissatisfaction from the people because their needs are not met that the government, to remain in power, will have, inevitably, to adopt coercive measures and violate people's rights.

Therefore, I feel the economic crisis is the first priority.

I am also convinced it is very difficult to solve the political crisis. Look at all the attempts that have been made in this direction, and all of them have failed.

First, they fail because there is no common interest among all the parties involved. Second, efforts have been made to find radical solutions to the political crisis that I believe are neither realistic nor advisable.

I believe it is easier to find a solution to the economic crisis, because there is a common interest in solving it. The government and the opposition would benefit if the economic crisis were solved.

Third, the economic crisis affects everyone, directly or indirectly; it affects all people, regardless of political ideas.

Therefore, I think it is easier to solve the economic problem. It is easier to find a solution among the parties, to announce an emergency plan.

I am also convinced the effort to find a plan to reactivate the economy will lead us to partial solutions to the political crisis, because it must be conceded that the right climate is needed for the country's economic development.

This means the media would have to be reopened. However, media owners must admit that whatever they write must contribute to a climate that permits the country's reactivation.

The government would have to permit the return of many people who are abroad, voluntarily or involuntarily. However, it must be stressed they would not be allowed to become involved in conspiracies against the economic system. Political and ideological differences can be maintained—that is perfectly all right—but everyone must work to reactivate the economy. This process will include steps toward solving the political crisis and, eventually, it must be solved.

I am voicing these ideas only so they will be taken into account because I feel truly sad.

I see increasing poverty, unemployment, and a deterioration in the standard of living in this country. I see, for example, how enterprises, which are the result of the effort of many people, are going bankrupt. This problem is leading us down a deadend street. There will be no possibility for democracy—at least in this country—and we will be living in a country in total poverty.

We must undertake a joint analysis of the alternatives for the solution to the economic problem, because within that analysis, we will find certain political changes must be made to lead to a short- or long-term political solution.

Theoretically, it seems elections are the best way to iron out our political differences, and everything would be solved then. However, I am under the impression the electoral results will not bring about the change expected by either side. Elections are a contest between two sides. At this moment, when it is necessary to try to improve the climate of tranquillity in Panama, heal wounds, and iron out differences, the elections would only make wounds deeper and lead us to worse levels of confrontation. Consequently, from the viewpoint of the time when elections will be held and the time we are experiencing, I seriously doubt elections are the best solution for the political problem.

I am one of those people who truly believes in elections. I feel people should decide the future of their country and even decide about the future of persons and individuals. However, under the present conditions, I think elections will not help to create a favorable climate for the return of democracy and the reactivation of the country's economy.

Major Delgado on Canal Treaties Anniversary

PA0809142188 Panama City Domestic Service in Spanish 2105 GMT 7 Sep 88

[Speech by Major Daniel Delgado, national director of the Panama Treaty Affairs Executive Directorate (DEPAT), at the Democratic Revolutionary Party (PRD) Professionals Front's commemoration of the 11th anniversary of the Torrijos-Carter canal treaties at the Atlapa Convention Center in Panama City—live]

[Text] PRD vice president, friends of the Professionals Front, those at the head table, ministers of state, professional friends, all Panamanians:

Our well remembered General Omar Torrijos Herrera told us in 1977, when the Panama Canal treaties were signed: I am leaving you 23 years and 23 km away from the removal of the last colonial stake in the year 2,000. The 23 km represent 23 years to the year 2000, when the Panamanian people will remove the final colonial stake. The Panama Canal will return to its legitimate national and sovereign owners, the Panamanian people; the last U.S. soldier will leave our territory; and our national sovereignty and independence will be consolidated.

Eleven years have passed since Torrijos made this statement; today, on the 11th anniversary of the signing of the treaties, the government, political parties, diverse sectors, and general public should stop and evaluate in a spirit of self-criticism the events that have occurred during these 11 years. We must prepare for the challenges ahead during the next few years until the year 2000. If we do not make this evaluation, if we do not return to the path Torrijos bequeathed to us, if we do not again establish the correlation of national and international forces that existed in 1977, we will be opening the door for the United States, the colossus of the North, to use these years to fulfill its goal of disavowing the

Panama Canal treaties, of maintaining control of the Panama Canal beyond the year 2000 if possible, or maintaining U.S. bases and troops in Panama beyond the year 2000, which is the U.S. empire's fundamental goal.

During this period, we have actually made many mistakes. First, we emphasized the Torrijos-Carter treaty violations instead of exalting and unifying our national goals in view of the achievements attained through the treaties. Second, we diverted attention from the basic objectives established immediately after the treaties were implemented: the United States should have been informed that Law 96-70, signed and ratified unilaterally by the U.S. Government, modified, changed, and prevented the clear execution of the concepts established in the Panama Canal treaties.

Finally, in many ways, we abandoned all those men who had played important roles in the execution of the treaties: Panamanians on the Panama Canal board of directors, the deputy administrator of the Panama Canal, and DEPAT's technical team members. Many Panamanians, believing the United States had done the Panamanian people justice, felt the struggle was over. We did not want to see what Torrijos told us when he said that as of 1977, the Panamanian people's struggle to achieve the national objective of total liberation in the year 2000 was only beginning, because only in the year 2000 would the Panamanian people be able fully to enjoy Panama's geographic position, the nation's greatest asset.

There are still 12 years left for us to traverse, and if in 1986 the PRD Professionals Front saw the importance of our placing the canal issue in the position from which it never should have been removed—the top position—I say congratulations at this moment when we are faced with the most cruel U.S. Government aggression against the Panamanian people. Congratulations, because we again have seen the importance of keeping the Panama Canal issue as the focal point of the confrontation and differences between the Panamanian people and the United States. Let us once again, as we did in 1977, make the canal issue and the execution of the Panama Canal treaties the religion that unites all Panamanians, and demonstrate to the universe, to the community of nations—as our commander General Noriega has done—that our struggle, our resistance, is the religion that unites the entire country around the Panamanian cause.

Today, the Professionals Front has again gathered to commemorate this date. I congratulate the PRD and its Professionals Front for this positive initiative. We should all leave this room with clear goals and objectives for the 12 years ahead of us. We should all leave with the commitment to support our government, to achieve what the Professionals Front has stated: the need for coordination and planning that will fully prepare us for the responsibility awaiting us on 1 January 2000. We must prepare; all Panamanians should be aware of the dangers we risk if we fail to unite as a people, not only to confront the current aggression but to plan the Panamanian people's goals for the year 2000 and beyond. On this date, we commemorate the 11th anniversary of the signing of the treaties, and we should once again reiterate our oath of loyalty to our fatherland, our national objectives, and our national institutions. Together, the government, Armed Forces, political parties, and Panamanian people must go hand in hand toward our fatherland's future, toward the legacy of the 1964 martyrs and all those Panamanians who shed their blood throughout history to make Panama at last free, sovereign, and independent, and so all Panamanians can live in peace and harmony in the coming centuries. Thank you. [applause]

IRHE's Rodriguez Comments on Court Hearing

PA0209175588 Panama City Radio Alegre in Spanish 1200 GMT 31 Aug 88

[Report by Maribel del Carmen Saldana Ortiz]

[Text] Isaac Rodriguez, secretary general of the Institute of Hydraulic Resources and Electrification Workers' Union [SITIRHE], appeared before the Fourth Labor Court to testify and to present evidence. IRHE workers accompanied him as witnesses and to provide support. Following the hearing, Isaac Rodriguez said:

[Begin recording] I was summoned to a hearing related to the institute's [Institute of Hydraulic Resources and Electrification] request [to the court] that my union privileges be revoked and that I be dismissed. The hearing, which just ended, was attended this morning by a large number of workers who were willing to provide testimony and to voice their support for me and to denounce all the accusations and negative statements made against me. I would say that currently all SITIRHE members and leaders are obviously being persecuted. [end recording]

Bank Sector 'Extremely Concerned' About Economy

PA0609165388 Panama City Telemetro Television in Spanish 2300 GMT 5 Sep 88

[Interview with Edgardo Lasso Valdez, president of the National Banking Association, by unidentified reporter in Panama City; date not given—recorded]

[Text] [Lasso] The banking sector is extremely concerned and wants to reactivate the national economy as soon as possible, but we always face the same problem: We are still missing all the positive elements the banking sector needs to normalize its activities and grant loans—elements we had in the past, when we knew deposits would not be withdrawn suddenly.

[Reporter] How do you, as a banker, predict the banking sector's behavior for the rest of this year?

[Lasso] I would say...[changes thought] I have just returned from a seminar sponsored by the Banking Association of El Salvador. We were asked to participate in the event by giving a lecture on a given topic. The meetings were attended by various representatives from several countries. We said we were seeking a solution by meeting with government officials. Meetings were held at the Atlapa Convention Center, presided over by Minister Mario Rognoni, and the banks asked several questions. We said we want to attain a solution as soon as possible, and added we need the government's understanding if we are going to attain the most adequate solutions to reactivate the economy. The only way is to do this is to recover the people's trust.

Free Zone Head on Record Sales, Albrook Plan

PA0309041588 Panama City Circuito RPC Television in Spanish 2300 GMT 2 Sep 88

[Interview with Colon Free Zone Manager Pablo Thalassinos by unidentified reporter; place and date not given—recorded]

[Excerpts] [Thalassinos] August has been a record year in the Free Zone, and sales reached a peak of $338.3 million, which is 3.6 percent higher than August 1987, and even higher than August 1981, which had been the best year so far. [sentence as heard] This is the first time since the crisis started that we can show positive growth figures, and we know that the trend will continue. [passage omitted]

[Reporter] A government legislator recently proposed, in view of the present situation, the establishment of a new free zone at Albrook Field. What is your opinion on this?

[Thalassinos] I believe all these ideas are positive as efforts to improve the country's situation. However, I also believe a free zone experiment at the present time would not be appropriate. This should be studied carefully, and I believe that another free zone in another part of the country should be established during a period of recovery, not in a period of crisis, such as the present time. This will not be the solution to the crisis in Panama. Aside from that, this would weaken the Colon Free Zone and consequently Colon Province. We believe the Colon Free Zone is operating efficiently now, and we should therefore strengthen, not weaken it. I invite the honorable legislators to draft incentives for businessmen, to attract new companies to our area. Afterwards, when we are in period of positive recovery, we could try the experiment elsewhere. I believe the Colon Free Zone presently is the economic engine powering not only Colon Province, but the whole country. We cannot take the chance of weakening it right now by spending money on establishing another free zone in Albrook, as our friend Rigoberto Paredes wants. That would require an infrastructure costing millions of balboas. [passage omitted]

Columnist on Herrera Hassan's 'Invasion' Plans

PA0709192488 Panama City MATUTINO in Spanish 7 Sep 88 p 5

["Fausto's Mailbox" column by Jorge E. Ramirez]

[Text] One way the current U.S. President's stupidity has benefited us is in Mr Ronald Reagan's habit of "telegraphing" the blows he is planning to deliver, just as professional boxers do when their careers are almost over and their reflexes are failing because they are about to become "punch-drunks" [preceding word in English], or "ponchis," as we say here.

Early yesterday morning we were watching, as we usually do, the CNN newscast, which is broadcast from the United States. The newscast began with a segment on Panama, the purpose of which was very clear and for which one does not need to be a top-rated military strategist to analyze. I shall leave this to my nephew Major Francisco Porras and his colleagues from the Strategic Command of the Panama Defense Forces [FDP].

The news segment reported Lieutenant Colonel Eduardo Herrera Hassan is "recruiting" mercenaries from various Latin American countries and former FDP members for an armed invasion of Panama. The segment showed several hundred mercenaries receiving military training, and the announcer said the scenes were from El Salvador. The report was confirmed by a top CIA official, whose name was not mentioned, which is evidence of that agency's intervention in the destabilization plans the so-called "opposition" is preparing in our country, even though the top official appears to be concerned about the predictable failure of the plan.

According to the news segment, Lt Col Herrera Hassan is an "ace" who Mr Reagan has up his sleeve full of interventionist surprises. Herrera Hassan is described as an emulator of the greatest military strategists of all times and an economist made of solid gold, who may be able to take over power in Panama whenever he wants and who can rescue us from the economic crisis we are suffering thanks to Mr Reagan and his puppet, Tuturo [Eric Arturo] Delvalle.

As for politics, the U.S. television program presented Lt Col Herrera Hassan as the undisputed heir of the late leader Dr Arnulfo Arias—the only one capable of gathering the large Panamanian masses, because there is no one else here who can do that. It seems our friend "Tuturo" has been ruled out, because he is described as being "incapable" of doing anything despite White House support.

Sally Shelton Colby, former assistant secretary of state, is in charge of describing Lt Col Herrera Hassan as a military man, economist, and political heir of Dr Arnulfo Arias. However, she is cautious regarding the results of a military adventure by Mr Herrera Hassan.

To justify to U.S. communications media the failure of the criminal economic sanctions against our country, she pointed out that we are surviving because of money we receive from drug trafficking and the economic aid received from Cuba and Libya, "the only two countries" concerned about the fate of Panama.

The CNN commentator in Washington asks why the media have received information about preparations for an armed invasion of mercenaries against Panama. The answer is obvious: The United States wants to make it appear this is a unilateral action carried out by Herrera Hassan along with mercenaries and former FDP members. We all know Mr Herrera Hassan cannot even recruit 100 Panamanians for this adventure. They will surely use Nicaraguan "contras" and Puerto Rican soldiers. Mr Reagan does not want to appear as an invader; however, he would be pleased to have a puppet government in Panama so he can later invade Nicaragua.

Mr Delvalle has been ruled out. As the U.S. news media have pointed out, he has proven to be helpless. However, it is amusing to see the media asking if Reagan intends to "scare" Noriega with Herrera Hassan and Delvalle, considering the United States admits they can do nothing. What they can do is lend themselves for this criminal buffoonery, believing that now that Dr Arnulfo Arias is dead, his followers will forget their leader's nationalism and will accept Herrera Hassan as the designated heir to occupy Arias' throne. All this would be amusing were it not for the fact that it is part of Reagan's evil plans in view of the merciless attacks staged by Dukakis against his protege, George Bush.

Columnist Questions APEDE-USSR Relations

PA0209222288 Panama City CRITICA in Spanish 31 Aug 88 p 4

["Political Coliseum" column by Baltazar Renan Aizpurua: "Diplomatic Relations Based on National Interest"]

[Excerpts] Some Panamanian leftists have created a fuss over a note that APEDE [Panamanian Association of Business Executives] President Roberto Brenes sent to a forum on diplomatic relations with the Soviet Union held at the University of Panama. In his note, APEDE's top leader said it is time to eliminate the obstacles preventing the necessary establishment of those relations. [passage omitted]

We have favored the establishment of diplomatic relations with the USSR, the PRC, and the DPRK as an act of full sovereignty in applying an independent, nonaligned foreign policy—and above all, because it would be convenient for Panama if all countries of the world, particularly the superpowers, were to guarantee the canal's neutrality.

However, it is known that Brenes belongs to the group of Panamanians having a pro-Yankee mentality who have tried to administer in Panama the medicine Washington used in the Philippines, and in so doing, have destroyed the country's economy. Since Brenes is guilty, we believe it impossible that he would want to eliminate the obstacles preventing the establishment of relations with the USSR, because those obstacles are a result of U.S. meddling in our domestic affairs.

I have frequently warned that the U.S. Government's disinformation campaign against Panama would be centered on two topics the U.S. public is very sensitive about: one, that U.S. citizens and U.S. property in our country are in danger; and two, that U.S. security is being threatened because Panama is heading toward communism. This is what Brenes, APEDE, the Trade Union of Panamanian Industrialists, the National Council of Private Enterprise, and the Union Club members want. [as published]

It is not precisely "glasnost" (openness) or "perestroyka" (opening or rectification) that will determine our relations with the USSR. Our national interest, international peace, and political stability in the region and along the banks of the canal will make those relations necessary. However, we must be very cautious that these healthy intentions do not take a 180-degree turn and become the propaganda excuse used by Reagan and his underlings to invade our country, flaunt the elimination of the Panamanian people's liberation plans as a trophy; and to shout just before the U.S. elections that U.S. national security is now assured, that he has once again defeated international communism, and that Yankee national pride will not suffer the Vietnam syndrome again, because the Panama Canal and its territory will continue forever in U.S. hands. Then we shall see the Brenes' and his gangs of traitors applaud.

Columnists Praise Libya, 'Green Book'

PA0509182488 [Editorial Report] Panama City LA REPUBLICA in Spanish on 1 September carries comments on its two regular columns, "Podium" and "Vox Populi," on pages 4 and 5, respectively, on the 19th anniversary of the Libyan revolution and on Libyan leader Colonel Mu'ammar al-Qadhdhafi's "Green Book."

The "Podium" column, by Alvaro Menendez Franco, states that the" Green Book" has great political value, because it gathers many of the ideas that inspired the triumph of the Libyan revolution.

The "Vox Populi" column, by Luis Restrepo, praises the Libyan revolution and states that "during 2 decades, Libya has experienced a radical change; thanks to the theories that Col al-Qadhdhafi expresses in his "Green Book," the Libyan people became the guardians of their freedom, work, and weapons."

The columnist concludes by praising the advances made by Libyan society during the last 2 decades and paying homage to the 19th anniversary of the Libyan revolution.

Bolivia

Official Explains Needs of Antidrug Campaign

PY0809153088 Madrid EFE in Spanish 0418 GMT 8 Sep 88

[Text] La Paz, 7 Sep (EFE)—Today Social Defense Under Secretary Jorge Alderete stated that the Bolivian Government needs $127 million per annum for the next 3 years for the struggle against the manufacturing and trafficking of cocaine.

He said that so far $95 million has been received from the U.S. He added that the National Council for the Struggle Against Drug Trafficking, which includes several ministers, will meet within the next few days to establish the manner in which these resources will be used.

He said the signing of new agreements with the United States will be planned in order to achieve support for the eradication and substitution of coca crops.

Alderete said that on 11 September he will go to Lima to participate in the 2d Latin American and Caribbean meeting on drug trafficking.

Brazil

Minister Denies Amnesty International Charges

PY0909024888 Brasilia Domestic Service in Portuguese 2200 GMT 8 Sep 88

[By Niomar de Oliveira]

[Excerpts] Justice Minister Paulo Brossard has denied an Amnesty International charge that crimes in Brazil go unpunished. [passage omitted]

Justice Minister Paulo Brossard said at the Gloria Hotel in Rio de Janeiro this afternoon that figures released by Amnesty International on what they call Brazilian officials' omissions regarding crimes against small farmers in the interior of the country are a fantasy.

Commenting on the document released by the organization, which has its headquarters in London, Minister Brossard emphatically said:

[Begin recording] This is not true. We have created 14 chambers of the Federal Justice Court in the interior to hear cases related to land disputes.

When I became justice minister 2 and ½ years ago, the papers frequently reported cases of violence throughout the country. However, this no longer happens. [end recording]

According to Minister Brossard, not even one of the crimes described in the Amnesty International document was reported to the Justice Ministry. The crimes reported to the ministry have all been investigated, Brossard said.

Minister Brossard also said that the agrarian reform approved by the Constituent Assembly will not solve the land disputes existing in the country, because it only allows the government to expropriate nonproductive land. [passage omitted]

Chilean Refugee Kidnapped, Tortured in Rio

PY0809173688 Madrid EFE in Spanish 0543 GMT 8 Sep 88

[Text] Rio de Janeiro, 7 Sep (EFE)—According to the ESTADO news agency, Chilean Eng Enrique Molina Cancino was kidnapped today in downtown Rio de Janeiro by unidentified people. Molina Cancino was beaten and tortured, and his aggressors demanded that he disclose "the names of those who live in Rio de Janeiro who are allegedly plotting against the Pinochet government."

Molina, who is 28 years old, is the third Chilean citizen who has been kidnapped and tortured for several hours in Rio de Janeiro this year. These people reportedly belong to an armed group interested in ousting Augusto Pinochet's military government.

Molina, a Chilean political refugee, blames "General Pinochet's police" for his kidnapping. He was treated at the Souza Aguiar hospital for burns and injuries throughout his body.

Molina said he was walking with his girlfriend through the Cinelandia district, located in downtown Rio de Janeiro, when he was surrounded by four armed men, presumably three Chileans and one Brazilian. They blindfolded him and took him in a car to a field.

According to news reports, the criminals tortured Molina, trying to force him to name members of the Manuel Rodriguez Patriotic Front and the whereabouts of Manuel Vasquez, one of the Chilean leaders responsible for invading the UN high commissioner's office in December 1987 in Rio de Janeiro. Police later found the engineer tied to a stolen car.

In his statement to the authorities, Molina said he has been living in Brazil for the past 2 years but that he plans to travel to Europe, where he says he will be safer, "because I am in danger in any Latin American country."

The Chilean Embassy in Brasilia denied the engineer's report. It warned that there are many Chileans activists who rely on these methods to create publicity.

Chile

Measures To Safeguard Plebiscite Published

PY0809191688 Santiago Domestic Service in Spanish 1700 GMT 8 Sep 88

[Text] The measures to be taken by the Interior Ministry to safeguard public order during the presidential plebiscite, to be held next 5 October, are published in the latest issue of the official gazette.

These measures are contained in Circular No 39 which is made public so that the people may understand the role to be played by the Armed Forces and Carabineros to safeguard peace and tranquillity during the elections.

The Circular appoints the various district commanders [jefes de plaza] who, in turn, will name the officers in charge of safeguarding security and order at the voting stations and also rules that political propaganda may not be displayed at the party precinct stations on 5 October.

In a paragraph of the 22-point document, it states that the party precinct stations must be located at least 200 meters from the sites of the balloting tables and states that they will be guarded on the day of the election to prevent voters from holding meetings that may allow acts of bribery or prevent people from exercising their right to vote.

Regarding stores, the document states that those that sell beverages will remain closed until 4 hours after the election has ended. Movie theaters and sites where cultural and sports events take place will be able to reopen 4 hours after the balloting tables at the respective sites have closed.

Another very important points states that people are prohibited from carrying weapons from 48 hours before, until 24 hours after, the plebiscite is held.

Point 20 refers to the vote count, noting that it should take place at the same site where the balloting table was located, witnessed by public, poll watchers, and the candidates present at the table [as heard]. The balloting table officials and poll watchers will have a right to demand a copy of the results be certified by the balloting table president and secretary once the vote count has ended.

Lagos Stresses No Guarantees for Plebiscite

PY0809151988 Madrid EFE in Spanish 2313 GMT 7 Sep 88

[Text] Santiago, 7 Sep (EFE)—Today Ricardo Lagos, president of the Democratic People's Party (PPD), stated that there are no guarantees in Chile regarding the October plebiscite.

In a news conference held in Santiago, Lagos stated that it is still impossible to gain access to national television, aside from the 15 minutes per day assigned for the electoral campaign, "while last week Gen Pinochet spoke twice over a national television network."

Lagos stated that the repeated requests to reply to Pinochet's words have been consistently rejected.

He added that the military government officials have not yet answered a request submitted by opposition sectors in which they ask that on the day of the plebiscite, 5 October, there be no official radio and television hookup.

Lagos stated: "If a radio network is established, but the opposition is prevented from using it to publish its own vote count results, we will have to tell all Chileans, and the whole world, that we are engaged in an obvious fraud."

He also denounced presumed "threats against militants of the campaign for the No-vote at the plebiscite."

Lagos cited two specific cases. One occurred when he met with workers of the "Chilean Mining and Chemistry Society," SOQUIMICH, company in the northern zone last week. This company, which recently passed into private hands, "dismissed 3 officials and threatened to expell 80 others who attended the meeting."

Lagos added that in Chiloe, 1,100 km south of Santiago, PPD Vice President Jorge Schaulson was followed during his visit to the region by two vehicles that belong to the security services.

According to him, these incidents are the results of a "deliberate threatening campaign against the people to reduce the number of No-votes."

On 5 October, more than seven million Chilean voters will either approve or reject the designation of General Pinochet as the single candidate for the Presidency.

Human Rights Commission on Crimes Since Coup

PY0809131888 Madrid EFE in Spanish 0207 GMT 8 Sep 88

[Text] Santiago, 7 Sep (EFE)—Today German Molina, secretary of the Chilean Human Rights Commission said that a total of 15,405 people have been murdered and 2,206 have been missing since the military coup on 11 September 1973, which brought the current regime to power.

Molina, who took part in a roundtable discussion during the most recent "International Journalists Meeting in Favor of Expression," said his report is based on data received before 30 April 1988. Molina said that following the military coup, "The worst state terror policy was used to subdue the people."

From the time of the coup until the reinforcement of the current Constitution in March 1981, "More than 15,000 people have been reportedly murdered; more than 2,200 people who had been detained were then reported missing; 164,000 have been exiled; and 155,000 have been kept in more than 16 concentration camps and 12 secret places that formed a complete system of prisons," Molina said.

"After the promulgation of the Constitution, which institutionalized human rights violations, these crimes did not decrease. They simply became a normal part of the new regime ."

Molina said: "From then on the number of human rights violations has increased." To substantiate his report, Molina read a list of charges received by his organization from March 1981 to 30 April 1988.

The list of charges received during this period showed:

Deaths, 405; attempted murders, 1,317; internal exiles, 1,180; tortures, 1,518; inhuman and cruel practices, 4,954; threats, 4,285; people missing following arrest, 6; kidnappings, 201; arrests, 5,427; arrests during demonstrations, 36,666; arrests during raids on poor shantytowns, 56,961; arrests for abuse of poor and others, 42,697.

German Molina said these figures show an average of 5 deaths and 16 unsuccessful murder attempts were committed every month, 1 person was tortured every 2 days, and 2 were subjected to cruel and inhuman treatment every day.

Attorney Carmen Hertz, widow of late journalist Carlos Berger who was executed in October 1973, a month after the coup d'etat, also participated in the roundtable discussion.

Berger was the director of "Radio El Loa de Chuquicamata," 1,600 km north of Santiago, when arrested on 11 September. He was tried and sentenced to 60 days in jail.

His widow said: "He was accused of refusing to close his radio. The order was issued during the Armed Forces uprising against Salvador Allende's constitutional government."

Hertz recalled that a few days before her husband fulfilled his sentence in Calama's public prison "on 19 October, he and 25 other political prisoners were suddenly given hoods for their heads, tied, and taken out of the prison by a military command. They were all executed at 1800 the same day."

The death certificate issued to the relatives is the only proof of their deaths because their bodies were never recovered. The certificate states that the cause of death was "wounds inflicted to chest area" the journalist's widow said.

According to Carmen Hertz, the media completely ignored the incident and the few that reported it gave only brief and distorted reports. The media only said, "The escape law was applied."

Embassy Official in Norway Requests Asylum

PY0809141388 Santiago Domestic Service in Spanish 1030 GMT 8 Sep 88

[Text] The third secretary of the Chilean Embassy in Oslo, Norway, Gonzalo Drolett has asked the Norwegian Government for political asylum.

This information was confirmed by Foreign Ministry spokesman Carlos Ducci who denied that the request is due to political problems.

[Begin Ducci recording] That is right. Due to a very serious family problem affecting third secretary Gonzalo Antonio Drolett, Luis Alberto Reyes, the Chilean Ambassador to Norway has adivsed our ministry that it is absolutely essential that this official return immediately to Chile because his family has problems that not only affect his work, but also the prestige of our representatives in that country.

I should point out that this problem had already prompted measures of an administrative nature by the Foreign Ministry concerning the mentioned secretary.

However, in view of the Foreign Ministry's decision to order his return to Chile, Drolett decided to request political asylum to the Norwegian Government.

The Foreign Ministry has given the Norwegian authorities all information regarding this case and has noted that this request for asylum is not appropriate. [end recording]

It should be pointed out that Chilean Ambassador to Norway, Luis Alberto Reyes, had already informed the Chilean Foreign Ministry about the need to recall Drolett to Chile as soon as possible due to family problems. [passage omitted]

Moreover, the Norwegian Ambassador to Chile, Forde Elmar Thore, explained that this Chilean citizen had, in effect, requested political asylum in Chile and that the request is being studied.

Paraguay

Stroessner's Health Reportedly Worsening

PY0809141788 Lima Television Peruana in Spanish 1200 GMT 8 Sep 88

[Text] In Asuncion, friction between the Catholic Church and the government of General Alfredo Stroessner are reportedly increasing especially since Interior Minister Sabino Augusto Montanaro has accused the Asuncion archbishop of being involved in subversion.

It has been reported as well that after two operations on his prostate, President Stroessner's condition is worsening because of serious complications following the operations.

Officials: Health 'Excellent'

PY0909135888 Asuncion Radio Caritas in Spanish 1019 GMT 9 Sep 88

[Text] A report from the DPA news agency, datelined Asuncion, states: Two high-ranking members of the ruling Colorado Party have affirmed that the health of Paraguayan President Alfredo Stroessner is excellent and they reiterated that he had merely submitted to a medical checkup.

Mario Abdo Benitez, private secretary of the president, and Deputy Leandro Prieto Yegros have spoken to journalists following a week during which the president has been absent from his office and from official ceremonies.

Some reports issued last week state that the 75-year-old president had surgery of the prostate gland. This was denied by Juan Benitez Rickman, under secretary for information and culture of the Presidency, who said that the president had been for a medical checkup prior to his trip to Taiwan in October.

However, the continued absence of the president from his office has reactivated the rumors about his health in the last few days.

Luis Maria Vega, member of the Liberal Party Executive Board, said the following about the subject:

[Begin Vega recording] We politicians are constantly seeking a change in the Paraguayan situation because we do not agree with the current situation. Many times we have illusions and think that the moment for a change is coming. It is not easy to be objective in situations like this.

However, it would be interesting if politicians and the citizenry are being kept in the dark over something that, if it has occurred, affects the normal activities of the president. In this situation institutional procedures should be implemented.

I do not know if the illness that is allegedly affecting the president prevents him from carrying out his duties. However, we democrats must always follow closely all national events in order to make progress and eventually to arrive at the path of democracy. [end recording]

Peru

Garcia Denies Reports of His Resignation, Coup

PY0909012788 Madrid EFE in Spanish 0004 GMT 9 Sep 88

[Text] Lima, 8 Sep (EFE)—Today President Alan Garcia promised that he will remain in his post. He called the current situation "the most difficult moment" of his administration, and he labeled the reports about his alleged resignation as "irresponsible."

At the conclusion of a cabinet meeting Garcia told the press: "I do not run away from a difficult situation. It would show lack of respect for history and the Peruvian people; it would be totally irresponsible."

"I never believed that I had a messianic mission or that I was indispensable for the job," said Garcia, whose resignation was speculated on today by the conservative daily EXPRESO, and directly requested by Luis Caceres Velasquez, mayor of Arequipa, the second largest Peruvian city.

Garcia admitted that in 1987 the issue of his resignation was raised because some people thought that "He was doing the wrong thing for the country" as a result of the "scandal" created by his project to nationalize the banks, a project which has apparently been abandoned, and also because of "the insults" of opponents who labeled him "crazy horse."

Garcia added that his responsibility is to stay now that the country needs "harsh measures"—a reference to the hard economic measures implemented by his government on 7 September.

The rumors about his resignation, which became more persistent today when the newspaper alerted their reporters assigned to the Government Palace, coincided with the implementation of measures that include price increases of up to 300 percent.

As a consequence of those measures, 90 percent of the public transportation of Lima was paralyzed. Unions threatened general strikes, there was some looting, and the supply shortage continued.

Predictions of a social outburst and fears of increasing insecurity are spreading in Lima. There was speculation on military intervention, and conservative and leftist political leaders called on the citizenry to remain calm.

Former President Fernando Belaunde Terry, who was overthrown during his first presidential term (1965-68) and who managed, for the first time in Peruvian history, to hand over power to a democratically elected successor—Alan Garcia—in his second term (1980-85), has been the clearest and most persistent advocate of maintaining normalcy.

The fact that the Peruvian head of state himself had to deny rumors of his resignation and of possible military intervention seems to confirm the atmosphere of uncertainty and bewilderment in the country.

In remarks to the press, Garcia said that he is "absolutely convinced" of the "institutionalization" of the Armed Forces and of the fact that the Peruvians are aware that their problems can only be solved through democratic coexistence.

Alluding to the fact that he will remain in his post until the end of his 5-year constitutional term, Garcia said: "I regret the preposterous attitude of some people who are taking advantage of the circumstances to say that the president must leave. The president will leave on 28 July 1990."

In another apparently reassuring gesture, Garcia said that his country had already initiated negotiations with the World Bank and IDB seeking to finance the adjustment program. Observers believe that without such financing the stringent economic program is doomed.

More on Harsh Economic Plans

PA0909043888 Lima Television Peruana in Spanish 0100 GMT 9 Sep 88

[News conference with President Alan Garcia and unidentified reporters in Lima on 8 September—recorded]

[Text] [Reporter] What would you tell citizens after they learned about the new economic measures?

[Garcia] I would first urge them to be calm and confident because Peru can rest assured that the harsh measures which have been implemented are aimed at defeating inflation soon, preventing deficits and the useless issuance of currency, as well as to make salaries have a permanent value in the medium- and long-term.

There is nothing worse for the people, especially for salaried workers, than inflation. When there is high inflation, those who earn more are those who own a factory, a big house, dollars, or precious metals. Those who lose are those who barely have a fixed salary because regardless of how many pay adjustments are made, they wind up losing because of spiraling inflation.

Therefore, corrective measures are needed to eliminate the first stage of inflation which is the issuing of paper money without any production. Why is paper money issued? Because there is a difference between the exporting and importing dollars.

Banks need to issue a lot of paper currency on a daily basis. This currency will pressure the Ocona [not further identified] parallel dollar and increase inflation.

Corrective measures must be taken and the longer these measures are delayed the more difficult it becomes to implement them. Perhaps the government's weakness has been its social awareness; this awareness has led to delaying these measures for as long as possible.

Now, we have to correct that delay and take severe measures to put things in order.

I had said that gasoline prices were much too low compared with other countries and with the cost of producing gasoline. I had said that the difference between what is paid to exporters for their dollar, which is high, and the cost of the dollar to import, which is too low, meant that the bank had to issue a lot of currency.

I had said that with a very low interest of 40 or 150 percent [figures as heard] no one puts his money in the bank. Consequently, there is nothing left to do but to raise interest rates to encourage savings and prevent people from buying dollars in the streets out of desperation.

Naturally, these measures, which must be implemented quickly, instead of gradually because that leads nowhere, result in an economic trauma; a trauma especially in salaried sectors because when the price of dollars goes up, the price of imports—food and industrial products—goes up.

When the price of gasoline goes up, prices go up directly or indirectly. However, we had to take these measures, do this and face the country. We had to do this trusting that the country, just as it knows that we have been willing to expand consumption and increase the amount of bread, or kilograms of flour, rice, or chicken bought with the average salary, which increased in the last 3 years [changes thought], the people know that we took these measures not to enrich international banks, to whom we do not pay a single cent, or to enrich internal sectors like large property owners. We took these measures to correct the economy.

With a low priced dollar, all we were doing was importing more and concentrating the wealth in the hands of those who could import machinery.

With an economy where gasoline cost $0.30 [not further specified], all we could do was benefit 200,000 people who own cars, but we were making all of Peru pay for their cheap gasoline.

We have to correct that and correcting that suddenly and decidedly results in a traumatic effect that is difficult during the first month.

This is the effect of the adjustment of all these price increases. An attempt is made to compensate those who earn less with a 150-percent increase in the minimum wage. This is a bonus for this initial jump.

I know all of this is not enough, but we must make this correction. If we do not, next year, inflation will be five or six times greater than it is now.

We accept our responsibilities and mistakes. We can share those mistakes and responsibilities with other people. However, it is not the time for recriminations or absolving previous mistakes. Corrections must be made to prevent inflation from being five times greater next year.

I trust, just as I have trusted for 3 years, that the country understands that, above everything, we have goodwill with regard to the majority of this country. I trust that despite displeasures and protest, the people know that we are doing this for the country's good.

Personally I do not like this. But when one has to assume one's responsibility and when one has to stay where one is at, not only for good things but for difficult and bad moments, one has to do it.

I have often gone out on the balcony to decrease prices, raise wages, and give good and positive news, and in the last few days there has been no lack of oracles who have said that the president is leaving, he wants to resign. This is not true. I have a moral responsibility and if the people have problems, then this is the greatest problem of my life and my obligation is to stay and assume that difficulty to demonstrate that we are together in good and bad.

Anyone with less responsibility would leave the problem and corrections to someone else. However, I can fully guarantee that this, which takes so much effort and causes so many problems today, will result in a much better year than this one.

If we kept postponing the solution by saying let us not do it this month, or let us do a little, let us increase the price of gasoline a bit, next year, gasoline would cost less, in proportion, than it did this year. [sentence as heard]

How were we to carry out the projects the people need? How can we pay public employees, who are not the people's enemy, but who are a part of the people; there are thousands of them.

Then, as grave and difficult as the time has been and still is, the people can trust that the government continues to be the people's government, and if it has to take these steps, it is doing so against its political will and fufilling a moral and technical duty.

Everyone suggested and demanded these measures. These suggestions and demands came from all sectors. However, what I want to tell the Peruvian people is the following: Corrective measures have been taken. The price of the dollar increased. Gasoline prices increased. Gasoline could no longer cost what it did. Interest rates have increased.

Naturally, this calls for an increase in prices. This has been compensated a little bit with higher salaries. However, something that is very important is missing: The cost of this adjustment must not be paid only by salaried employees and the people.

It is true that it has to be paid. However, the cost of this adjustment must also be paid by those who have more.

Today, we worked to complete a tax proposal to increase the contribution of those who have more, earn more, and gain more with this economic correction so this economic adjustment will not mean that certain people are going to get more money.

Therefore, we have corrected the basic elements. We will all pay a little more for products.

I know that the increase does not offer compensation, particularly those who earn a little more. However, we who earn more must do our part socially. Because when a country makes adjustments to correct economic imbalances, this cannot be done for the benefit of 200 enterprises. Everyone has to contribute in proportion to what they have. Those who have more have to contribute more and the best way to do this, without traumas, like the traumas of the bank nationalization, is through taxes and contributions.

Therefore, in the next few days, after we finish the consultations that are under way, we will propose this second important part, which is the retention of what may be excess profits or an exaggerated increase of certain business revenues.

[Reporter] After these drastic economic measures, do you foresee the resumption of credits from international organizations?

[Garcia] We have begun talks with the World Bank and the IDB. We have a pragmatic theory, which is the one we have implemented, and now, amid our problems, we will not go back. The theory is very clear: We did not pay the international banks and the IMF because more dollars were leaving the country than entering.

This has occurred in all the countries. If we grew in 2 years, it was due to not paying and consuming what we produce in this country, buying more tractors, powdered milk, and all the products that we imported and consumed.

If, at this moment we were to reach agreements through which the disbursement of loans for projects is greater than what we have to pay, of course we would accept conditions that would be positive.

I do not think that would work with the IMF because the IMF not only would demand that we pay everything we owe with very high interest, but it would demand measures that would be much more grave than those we have taken now.

We are criticized for adjusting prices in accordance with the dollar; gasoline prices and interest rates have to be corrected. But it was also demanded that we let all prices float freely.

Therefore, after the readjustment, the price of all basic products would increase and they would be completely free to float so, in the next few months, they would go up every week or every month.

The problem is that for certain international organizations, especially the IMF, only the market can determine prices. Thus, the prices must be allowed to float freely.

We know very well that, willingly or unwillingly, prices are determined by whoever controls production in accordance with his profit margin and revenues, which sometimes are monopolistic.

Therefore, I personally believe, and the government is convinced of it, that it is not necessary or positive to deal with the IMF because it would be negative.

However, it would be positive at this moment to talk with and reach an agreement with the IDB, headed by Enrique Iglesias, a Latin American, to possibly resume several projects that involve jobs, the solution of potable water and road problems, and that would bring in some dollars which would be converted into intis but would be part of the national reserves. That is also possible with the World Bank.

Of course, we are aware that our economic program will yield results in November. I think that a very important thing that the country must know at these times of tension and justified and understandable protest—which I assume as my responsibility, that is why I am president of the Republic—is that in this month when the exchange rate, gasoline prices, and interest rates are adjusted, prices will jump.

Next month, the jump will be less but, in November, inflation must drop to a very small figure. It is at that time, when there is no useless issuing of currency and no deficits, when salaries will not suffer, and then we can begin to make up for what is lost under these circumstances but without making the mistake of wanting to please everyone. To want to please everyone is not good in politics.

Priorities must be established. Perhaps remembering what occurred in 3 years, if we had increased the price of gasoline gradually in the last 3 years, we would have a gasoline price at the international level. PETROPERU would have money to continue explorations and the state would have financing for its projects.

That was a grave mistake not to raise prices and now we are rising the price of gasoline. It was a grave mistake that some how benefited the working class and the people.

Many people have traveled and spent with low interest rates and inexpensive gasoline. Therefore, if we made a mistake, it has not been to the benefit of international banks or the IMF.

Now, by correcting those situations, what we want is that the people should not be the only ones to pay. Those who suddenly have greater profits will also have to pay through taxes. I believe that by doing this Peru will see that we have made corrections. Other countries make corrections, decrease consumption to save dollars and pay these to the international banks. This seems very unjust to me.

All governments have problems: Liberal governments, conservative governments, nationalistic governments, even socialist governments, like Cuba and Nicaragua, which devalued 60,000 [not further identified] a few days ago. The problems are intrinsic to the poor world, to the underdeveloped world. The problem is how to solve those problems: Do we change the country to pay the international banks? We are not going to do that. Do we change the country so 200 powerful companies can profit more? We must not do this either. If it is necessary to correct an imbalance, we must do so according to what every Peruvian has.

Therefore, I want to tell you that as a consequence of our proposal, international organizations will look at this proposal as a whole. I am certain the World Bank and the Inter-American Development Bank will in the near future reestablish our credit. Naturally, we will have to pay off some debts to them, but always within the explicit and sincere logic of saying: Gentlemen, we need more dollars coming in than going out.

[Reporter] Mr President, due to the tense situation in the country, there has been a revival of some possible coup rumors. A mayor in the south has even suggested that you might resign. What is your answer and what is the country's true situation?

[Garcia] I have never considered myself a predestined messiah or indispensable to this job. I have always thought that if at any time my presence is hurting the country—and I thought it did when there was scandal over the banks and everyone in San Martin Park insulted me—I often thought that I am not permanent in this post, and that if my presence was hurting Peru, I would leave this post.

However, I thought about that before. But when I see that we must make decisions, hard decisions, I know that my first responsibility is to stay and make those decisions. Therefore, these rumors seem to me to be spread only by those who want to destabilize democracy. Democracy has problems in every country. Democracy commits mistakes and corrects them, but they are corrected democratically and without fleeing, without evasions.

Therefore, I deplore these rumors. I am completely convinced of the institutionality of the Armed Forces and I am absolutely convinced that every Peruvian knows that democracy can solve its problems. Therefore, I deplore the hair raising attitude of some persons who are taking advantage of the situation and things in order to demand that the president should leave. This president is leaving on 18 July 1990, and will not leave without helping to solve the things that were done badly. I will not leave without completing the things that were done well.

[Reporter] Will the government also insist on a agreement with the production sectors?

[Garcia] There can be no coherent, viable, economic program without an agreement with business and labor organizations. I believe we all know—political deception aside—that it was necessary to prevent the Central Bank from issuing currency in order to unify the exchange rate and to hasten this process to allow exporters to quickly generate dollars for Peru. We all knew and know that it was necessary to hike gasoline prices—there was even a proposal to raise the price to a much higher level, and that is what we are discussing. We are trying to reach a level at which price increases generated by these corrections will be very high but not excessive.

Of course, it seems to me that everthing that has happened has been very traumatic. It has been, but there have been some very well thought out technical proposals that required much greater corrections. I believe that all of this, the certainty that all the economic and political sectors needed, calls for a certain agreement between what we know and our political beliefs. I am not saying that political groups should be responsible for what we have done, neither the good nor the bad. No, no. The government will answer for its economic policies. I believe, however, that these types of corrections generate tension and unrest, and it would be irresponsible to attempt to win elections by taking advantage of this situation. To create unrest and take advantage of this situation would only destroy democracy. We all know these changes were necessary and that I am doing something I would not normally do, which is to take on the government's most difficult situation.

I believe businesses asked for this in a thousand ways, and I believe the current labor agreements—the collective pacts, the union adjustments—will understand that the changes will increase the stability of salaries. All the experts, all the economists, know that with these measures, however harsh they may seem, we will have a brighter future, and had we not taken them we would have behaved in a most irresponsible manner, and it would be very easy to rid ourselves of the problem and leave it to our successors. This is undoubtedly the most difficult measure this government has ever implemented to correct its mistakes and the distortions generated by other actions. I am convinced, however, and the entire country must know this, that next year—whether I am here or not—things will be a great deal better thanks to this moment of decision. In political terms, this means that I have been open with the country and I have told the people that necessary measures had to be adopted and will be maintained at all costs. Since the decision has been made, no one—I truly mean this—will be able to change what in essence is absolutely necessary for the coming months.

State of Emergency Extended for 60 Days

PY0809152288 Madrid EFE in Spanish 0405 GMT 8 Sep 88

[Text] Lima, 7 Sep (EFE)—Today the Peruvian Government extended for 60 days the state of emergency in Lima, in the Port of Callao, and in six other Peruvian deparments.

A supreme decree published today in the gazette EL PERUANO states that the government has adopted this decision because of the prevailing terrorist activity and the need to reestablish public order in the affected regions.

The state of emergency was extended in the deparment of Ayacucho, Apurimac, Huancavelica, Huanuco, Pasco, and San Martin.

The decree establishes that the Armed Forces will continue exerting control of public order in the mentioned deparments as well as in Lima and the port of El Callao.

Individual and constitutional guarantees—such as the right of assembly and the right to arrest only by court order—are suspended in the regions where the state of emergency was declared. About 50 percent of the 22 million Peruvian population live in the regions under state of emergency.

French Guiana

Ariane Rocket Successfully Launched 8 Sep

PA0909000288 Paris AFP in Spanish 2336 GMT 8 Sep 88

[Excerpt] Kourou, French Guiana, 9 Sep [date as received] (AFP)—Authorities at the Kourou Space Center have reported that the Ariane 250 rocket, with two U.S. telecommunications satellites on board, the G-Star-3 and the SBS-5, was successfully launched into orbit at 0117 Paris time (2317 GMT). [passage omitted]